

## POSTMASTERS

## ARKANSAS

Lucie H. McDonnell, Altheimer.  
 Max B. Wurz, Bigelow.  
 Frank Welch, Carlisle.  
 John W. Page, Dover.  
 William F. Price, Evening Shade.  
 Andrew J. Clemmons, Grady.  
 Leo C. Russell, Lamar.  
 Clement C. Bowen, Osceola.  
 Albert S. Snowden, Paragould.  
 Elbert R. Winton, Piggott.  
 James H. Carnahan, Prairie Grove.  
 John L. Hyde, Tillar.  
 Leila B. Lynch, Weiner.  
 Ernest A. Stockburger, West Fork.

## IDAHO

Arvene J. Boyle, Blackfoot.  
 Carl A. Rohrman, Culesac.  
 Hastings Brown, Kamiah.  
 Marie E. Roos, Weippe.

## ILLINOIS

Edwin G. Stifle, Robinson.

## KENTUCKY

Walter B. Carvell, Allensville.  
 James R. Wilson, Auburn.  
 Dycie B. Chism, Camp Taylor.  
 Martin S. Bowne, Clearfield.  
 Ray Flowers, Columbia.  
 Henry S. Bogan, Franklin.  
 William R. Sizemore, Hyden.  
 Pearl Parsley, Inez.  
 Jerry D. Shain, Madisonville.  
 Lawrence W. Hager, Owensboro.  
 Addie F. Owens, Russell Springs.  
 Robert S. Welch, Scottsville.  
 Victor B. Stephens, Stanton.  
 Louise N. Chaney, Woodburn.

## MAINE

Joseph M. Mountain, Dexter.  
 Earle B. Files, Gorham.  
 William D. Hay, Kennebunk.  
 Edith B. Holden, Oakfield.

## MICHIGAN

Edward Kott, Center Line.  
 Roger J. Tobin, Channing.  
 James A. McDonald, Detour.  
 Dennis E. Kelleher, Fenton.  
 William J. Putnam, Goodrich.  
 David G. Bernard, Hale.  
 Etta V. Schram, Lincoln.  
 William M. Hanker, Munnith.  
 Frank L. Brighenti, Ramsay.

## NORTH CAROLINA

Leslie G. Shell, Roanoke Rapids.

## OKLAHOMA

Margaret Cummins, Chattanooga.  
 Lizzie E. Capehart, Jay.  
 Beaulah J. Van Coevering, Orlando.

## TENNESSEE

Mamie D. Phillips, Brighton.  
 Augustus F. Shults, Caryville.  
 Robert L. Queener, Jacksboro.  
 Sam L. Cummins, Lyles.  
 Robert M. Cobb, Mascot.  
 Everett M. Smith, Maynardville.  
 Rufus V. Cawthon, Mount Juliet.  
 William T. Latham, Niota.  
 Kirk D. Beene, Petros.  
 Thomas A. Humphreys, Puryear.  
 William T. Christian, Roan Mountain.

## UTAH

A. Lucile Greenwood, Richfield.

## HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 18, 1935

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our fathers' God and our God, we pray for Thy wisdom to strengthen us for every duty; and not unto us but unto Thy holy name we give glory. We entreat Thee that the Man of Galilee and the multitudes may come face to face. Come, Thou Almighty One, to the city life of our country. Here breaks life's blushing dawn; here, too, burns life's sultry noon; and here are the aged, with no light at evening time. O come to them with their eager rivalries, broken ambitions, petty jealousies, hard-visaged toil, and with their hard-hearted mammonism. O come to their abodes of sweat, labor, and blood. Master of life, come to their two twilights of childhood and old age and stay their tears. Move us with divine compassion, which is love touched with pity. May all hands be joined with all remedial forces—religious, social, and political—to save, succor, and bless the forgotten crowds. In the name of our Elder Brother. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

- S. 1121. An act for the relief of Isidor Greenspan; and
- S. 1863. An act for the relief of Trifune Korac.

## OUR VANISHING WORLD MARKETS

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address delivered by my colleague the gentleman from New York [Mr. FISH].

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. STEFAN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the radio address of Hon. HAMILTON FISH, Jr., of New York, over the National Broadcasting Co. network, June 17, 1935:

Secretary of State Cordell Hull, with whom I served for many years in Congress, is both a scholar and a charming gentleman from Tennessee, but he has nursed an obsession for a quarter of a century, and nothing is more dangerous to the interests of American wage earners and the public than an obsession that has been suppressed for so long a time. Mr. Hull is at heart an internationalist and a free trader, one of the relics of that school of thought long since discarded by the Democratic Party, except in certain sections of the South. Suddenly clothed with power over negotiating trade agreements through the abject and cowardly surrender of a supine and partisan Congress, at the arrogant demands of the President and, in my opinion, unquestionably in defiance of the Constitution, Mr. Hull, as Secretary of State, finally finds himself an actual dictator in shaping tariff policies. After waiting all these years, burdened with a single obsession or mission, the very thought of breaking down economic barriers in a protective and nationalistic world warms the cockles of his heart.

What difference does it make if our textile mills are shut down by competition with Japanese labor, or our single biggest export market, the Philippines, from whom we buy 85 percent of their products, is surrendered for the benefit of Japanese labor paid 20 cents a day in order to put Mr. Hull's long-distance economic policies into effect? American labor has not as yet realized what it means to have a free trader as Secretary of State, but they all will when the unconditional favored-nation clause goes into effect, bringing American labor into competition with the poorly paid labor of Europe and Asia.

The refusal of the State Department to approve the offer of the Philippine Congress to protect the American textile trade is so against the interests of the United States that, in my opinion, it is actually treasonable.

The adherence to the unconditional most-favored-nation clause means the lowering of the duties to all countries, which in turn means the lowering of the American standard of wages and living and the loss of our foreign markets, as our wage earners are not willing to compete with the cheap labor of Europe and Asia.

The theory behind the Hull program is that if American industry cannot compete with foreign industry, why, it is just too bad, even if additional scores of thousands are added to the army of unemployed. The treaty with Belgium will undermine the glass, cement, and lace industries, that with Sweden our match industry, and that with Cuba seriously affects our domestic vegetable mar-

ket and our beet-sugar industry. The handwriting on the wall is perfectly clear, and the next logical and consistent step to be taken, in accord with the Hull economic program, will be the destruction of the beet-sugar industry in a dozen western States, because it cannot survive without adequate protective duties.

Mr. Hull only a few days ago, speaking in New York, opposed the plan to buy at home which is certainly consistent with his free-trade views. The Secretary of State went on to say that from July 1934 to February 1935 the volume of imports of dairy products, vegetables, meats, and fruits were far below the 10-year average. I propose to answer this statement with facts and figures, so that he who runs may read and understand just what Mr. Hull, Mr. Wallace, and Mr. Tugwell have done to the American export trade in agricultural products.

Up to the present time only four reciprocal trade agreements have been consummated—those with Cuba, Haiti, Belgium, and Sweden. It is interesting, from an agricultural point of view, to note the increase in Cuban export trade in vegetables to the United States from November 1934 to April 1935, as compared with the corresponding season the year previous, before the trade agreement had gone into effect: Shipments of tomatoes from Cuba to the United States increased to 50,841,909 pounds, compared with 33,950,000 pounds; eggplant increased from 3,676,536 pounds to 5,309,695 pounds; peppers, from 1,838,958 pounds to 4,643,023 pounds; cucumbers, from 1,441,563 pounds to 1,871,161 pounds; and potatoes, from 102,359 pounds to 2,289,412 pounds. Exports of potatoes from Cuba to the American market in April amounted to 1,651,775 pounds, compared with none in April 1934.

What will the farmers of Florida, who grow large quantities of tomatoes, cucumbers, and peppers, do about these increased importations of vegetables when they learn the facts? And what will the reaction be in Maine, Michigan, and Idaho to the phenomenal increase in the importation of potatoes from Cuba as a result of the Hull-Wallace-Tugwell tariff experiment? It was officially stated by the "new dealers" that the trade agreement with Cuba would open up a new market for Maine potatoes; but, like most of the new-deal experiments, this theory or propaganda has failed to materialize and instead is actually causing serious competition for American potato growers in our home market.

My criticism of Mr. Hull's tariff theories, as visionary, impractical, and ineffective, should not be construed as a partisan attack, as it is substantiated by Mr. George N. Peek, until recently the President's foreign-trade adviser and head of the administration's Export-Import Bank, who denounced the Hull program of unconditional most-favored-nation trade agreements as basically unsound and ruinous to the Nation's foreign and domestic markets. I hope Mr. Peek will go further and likewise expose and denounce the host of young "brain trusters", impractical visionaries, and free-trade crystal gazers who have been appointed in the State Department by Secretary Hull. How do they ever expect to put unemployed Americans back to work when they are deliberately pursuing a policy to destroy both our foreign and domestic markets?

I introduced last week, with the permission of Senator McNary, of Oregon, a copy of the last McNary-Haugen agricultural surplus control bill, providing for the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce. The bill as introduced in the House is known as H. R. 8427.

My object in introducing this bill is to try to save the rapidly vanishing world markets for our agricultural exports. The loss of these foreign markets for American cotton, wheat, meat products, and other agricultural and dairy commodities during the last 2 years is a sad commentary on the new deal, which has all but wiped out the export of American farm products.

The tragedy of the situation is that we are actually importing more wheat than we export, have lost over half of our cotton export trade, and have been for the past year importing shiploads of corn, oats, barley, and rye. Since last July we have imported 11,269,522 bushels of corn, 14,084,415 bushels of oats, 9,624,076 bushels of barley, and 12,474,248 bushels of rye.

In addition, 21,760,366 bushels of wheat have been imported, whereas we have exported only 3,008,697 bushels and the equivalent of 11,701,723 bushels of flour, a large part of that milled from Canadian grain, leaving the United States, unbelievable as it may sound, a net importer of wheat with the duty at 42 cents.

According to Government figures on our foreign trade, for the first 4 months of this year (1935), as compared to the same period in 1934, the decrease in exports and the corresponding increase in imports is more startling. During this period the importation of grains and grain preparations for the first 4 months of 1935 amounted to \$22,721,000 as compared with \$4,785,000 imported in 1934. Wheat exports dropped from 12,174,000 to 657,000 bushels, and rice exports from 39,375,071 pounds to 28,778,537, while rice imports increased from 12,708,270 pounds to 39,024,220 pounds, a net trade loss of 36,912,484 pounds during the 4-month period. Butter imports increased from 217,000 pounds last year to 17,398,000 pounds for the first 4 months of this year; meat products showed an increased importation from 16,326,000 pounds to 38,041,000 pounds, while our exports of meat products dropped from 79,544,000 to 57,888,000 pounds. Cattle imports during this period increased from 39,667 head, valued at \$459,880, in 1934, to 147,874 head, valued at \$3,704,872, in 1935. Lard exports decreased from 166,952,000 pounds during the first 4 months of 1934 to 51,386,000 pounds in 1935. With respect to tobacco exports, the quantity recorded for April 1935 was the smallest for any month since March 1918.

The total exports of agricultural products in 1925 was approximately one billion and a half dollars, whereas, in 1934, the total exports amounted to less than half, or \$733,416,000, and it is estimated that in 1935 it will not exceed \$500,000,000. This startling decrease is based on a depreciated 59-cent dollar, whereas the 1925 figures are on a sound-money value, or a hundred-cent dollar. In other words, the foreign importers should have been able to buy 41 percent more from the United States than before we depreciated the dollar, consequently the real export value based on a gold dollar will probably not exceed \$300,000,000, or one-fifth of our export trade for 1925 in agricultural products. That is what the new-deal A. A. A. program and the reciprocal-trade agreements have done toward destroying the markets of the world for our farm export surplus.

Only immediate action can preserve our foreign markets for our surplus agricultural products and the enactment of a bill similar to the McNary-Haugen bill, which passed the Congress and was vetoed on May 3, 1928, would offer a practical solution to the ruinous loss of our foreign markets for our farm products. The conditions that prevailed when President Coolidge vetoed the bill are completely reversed, and today we face constantly diminishing world markets approaching a vanishing point.

One of the main pledges of the new-deal administration was to promote the export of our agricultural products, but, instead, because of the half-baked program of the A. A. A., the destruction of crops and the birth control of pigs, it has demoralized and all but destroyed the export of wheat, cotton, pork, and other farm produce which has been a great source of wealth to our people for over a century and a powerful factor in the development and prosperity of our country. The facts are seeping through to the people in spite of the radio barrage of the "new dealers" and the honeyed words and sugar-coated phrases of the President in his fireside chats, that the impractical, visionary, and magical schemes of the Wallaces, Tugwells, and Ezekiels to destroy crops and provide a program of scarcity when there are more than 11,000,000 unemployed and over 20,000,000 Americans on relief, have increased unemployment, retarded recovery, and lost our world markets for our exportable farm surpluses formerly constituting the bulk of our foreign trade.

If the cotton farmers and the South want to commit economic suicide for temporary profit, that is their business, but it does not change the facts by one jot or tittle. Lenin was right when he said that the capitalists would commit suicide for temporary profit, and that applies to the farmers as well. The cotton farmers have already lost over 50 percent of the world markets and will lose the balance to Brazil, Egypt, India, and Soviet Russia within the next 2 years, bringing economic and financial ruin to the South.

An Associated Press report from San Pedro, Calif., dated June 8, reads as follows: "60,000 tons of Argentina corn are en route to the United States, it was disclosed today with the arrival of the British tramp freighter *Cycle* from Rosario with 4,000 tons for local discharge and 2,500 tons for other Pacific coast ports. Other steamers are en route with similar cargoes. Higher prices for domestic corn have made importations of Argentina grain profitable. The grain is being sold to Pacific coast millers." The duty on corn is 25 cents a bushel, but it is now profitable for foreign producers to pay the 25-cent tariff on corn and enter the American market in competition with the farmers of the United States.

Secretary of Agriculture Henry A. Wallace goes about the country denouncing the tariff and blaming our protective tariff for the loss of the world markets for our agricultural products. What kind of reasoning is this? If it were not for the 42-cent duty per bushel on wheat, 25 cents a bushel on corn, and other protective duties on practically all farm products, the United States would be the dumping ground of the Argentine, Australia, Canada, and Europe. If these duties were reduced or wiped out our American market would be swamped with Canadian wheat, Argentine corn, dairy products from Denmark and Australia, and vegetables, poultry, and cattle from the adjoining nations of Canada, Cuba, and Mexico, where the wage scale is much lower than our own. Are there any farmers in the North or South, East or West who would willingly give up or surrender any of the protection that has been secured under Republican administrations to preserve the home market for American agricultural products?

I do not claim to be a dirt farmer, although for 16 years I have represented in Congress a great dairy, vegetable, and poultry district along both banks of the Hudson River, and in the New York State Legislature for 3 years prior to the World War. I am a member of the local, Pomona, and the National Grange and of the Farm Bureau Federation, but I do not claim to be able to solve the farm problems with which the western farmers are confronted. They know their own problems better than anyone else. They are entitled, certainly, to the cost of production plus a reasonable profit and to have a parity or equilibrium between the price of farm products with other industries whether in the factories or in the mines.

I have reintroduced the McNary-Haugen bill, as I sincerely believe, in view of the changed conditions since the Coolidge administration and a rapidly disappearing world market for our farm surplus, that immediate constructive legislation is necessary to hold the markets we have and regain those that we have lost for the benefit of American farmers and producers.

Only prejudiced "new dealers", incapable of facing the facts, will attempt to deny any of the above statements regarding the tragic loss of our foreign markets for our agricultural products. As for me, I will continue to present the facts and figures, alarming and stubborn though they be, so that every American with



sound common sense will know the truth, and let the chips fall where they may. I plead guilty of being a critic of the wanton and willful destruction of our export trade for our farm surpluses; and if this be treason let the "new dealers" make the most of it. The truth is mighty and will prevail.

The time has come for the American people to arise and unite for the preservation of the great American market which in normal times consumes over 90 percent of our total production. Under the Roosevelt-Hull-Wallace-Tugwell policy we are rapidly losing both our domestic and foreign markets, particularly for agricultural products, and increasing the number of our unemployed, who are, in effect, the forgotten men of the new-deal administration.

#### THE 1935 EDITION OF NUISANCE AND SALES TAXES

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks on the tax bill, which was passed yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. Mr. Speaker, I want it plainly understood that my remarks are not a criticism, in any sense, of the distinguished Chairman of the Ways and Means Committee, Mr. DOUGHTON, of North Carolina. If such criticism might be imputed, I need only to refer to the courageous stand of the gentleman from North Carolina against the proposed sales tax in the Seventy-second Congress. Nor is criticism intended for the members of the Ways and Means Committee. They are naturally obligated to carry out the administration program. I am aware of the prevailing sentiment among Members of the House to reach an early adjournment. My contention is, however, that if this wrong is ever to be righted by a tax on wealth, incomes, inheritances, and gifts the start must be made now.

We are asked to reenact the same schedule of nuisance and sales taxes that has been in existence for the past 2 years. We are asked to reenact this legislation without due consideration, without debate, and without an opportunity to change the bill or to offer amendments. In other words, we are asked to again become mere rubber stamps, and to rubber stamp for 2 years more the most vicious, iniquitous, unfair, and unjust set of nuisance and sales taxes ever inflicted on a hard-working, long-suffering, tolerant, and ever-patient citizenry by a Congress who ought to know better, who does know better but refuses to act in the best interests of these taxpayers. I expect to vote against this bill. I shall vote that way because I am unalterably opposed, fundamentally and inherently opposed, to all sales and nuisance taxes which in the final analysis are successful attempts to saddle on the backs of the poor those tax burdens which by their very nature and by right and by justice should be borne by the rich.

When the present schedule was enacted in 1932 during the Hoover administration it was done because Congress was told that these taxes were only emergency taxes; that they were designed and created to balance the Budget which was out of balance because of the depression and panic that was then beginning to manifest its worst phases in hard times, bankruptcies, receiverships, and poorhouses for 90 percent of our citizens. We were told at that time that this measure would be only a temporary one. We were told that it would not or could not last for long. The people were asked to resign themselves to the cruel fate of the depression and to dig down deep into their pockets and instead of having less taxes to pay they would be forced to pay more taxes because of these obnoxious nuisance and sales taxes.

In other words, if a man was racked and tortured by lumbago, rheumatism, or arthritis, instead of giving him something to ease the pain, instead of giving him a sedative, give him a more and bigger dose of that same old lumbago, sciatic rheumatism, and arthritis. If the former light dose did not kill him then this new and heavier dose certainly would. And so the taxpayers struggled along in the hope that Congress would do as it had promised in 1932 and repeal these taxes at the end of the expected 2 years.

Now we are informed, seemingly with great glee, that because of the imposition of these nuisance and sales taxes, the receipts of the United States Government for 10 months

of the fiscal year closing on May 31, 1935, were \$612,186,571 more than was received for the corresponding 10 months of the previous fiscal year. We are advised that the total receipts of the Federal Government amounted to \$3,336,733,841 in the first 10 months of that year. Because of those increased receipts heretofore mentioned, we are told in the same breath that for the first time in years the Budget is balanced—that is, providing you do not count the \$6,470,205,136 which represents the total expenditures of the Government for the 10 months of the fiscal year mentioned, namely, 1935. To go on further, those total receipts exceeded the regular expenditures of the Government by nearly \$100,000,000 for the first 10 months of that fiscal year; but we must "bear in mind" that the emergency expenditure, so called, which represents the amount of money to keep 22,000,000 on relief rolls and which provides for food to eat, clothing to wear, and a house in which to dwell, that for those human, necessary needs for the same period, \$3,229,000,000 was spent.

So we are told also, or at least by inference we deduce, that our expenditures for the next few years are expected to exceed the revenue collected by more than \$3,000,000,000 per year. In other words, our outgo for the next few years is to exceed the income more than \$3,000,000,000 per year. So, to balance our Budget further in the direction of "regular" expenditures, we propose to reenact these sales and nuisance taxes, which are insufficient to meet in the slightest measure the expenditures needed to carry on for 22,000,000 out of work, out of jobs, out of income, and out of property and wealth. We propose to send out a boy to do a man's job.

Where we should be imposing heavy taxes on all swollen fortunes of \$100,000,000 and over, where we should be scaling all swollen fortunes of \$100,000,000, \$200,000,000, \$300,000,000, and a billion dollars down to \$1,000,000, we propose a reenactment of these wholly inadequate nuisance and sales taxes that have been in effect for 4 years. Sale taxes and nuisance taxes that haunt the farmers, the wageworkers, the small businessman, and the soldiers of the country, night and day, 24 hours per day, 7 days per week, 4 weeks per month, and 12 months per year. And so we are advised that this emergency still exists, an emergency that licenses the United States Government to tax every article, every commodity in sight, merely scratch the surface of the depression and at all times shy away from the millionaire, from the man of riches, from the man of wealth, from the man of big income, and from the man with the biggest fortune. Let us leave him alone, let us stay away from him, let us not heap burdens upon his broad and sturdy shoulders. Let him keep what he has, let him have more wealth, more riches, more swollen fortunes, and let him strictly alone. That is the doctrine, that is the philosophy taught in this bill.

Here we are after 4 years of taxation outrages and injustices. We are asked to come in here today, suspend the rules, with 20 minutes' debate on each side, with no opportunity to speak and deplore the further perpetuation of this iniquity, no chance to deplore to the masses of taxpayers what is being done, what is being reenacted under a gag rule and with no time for consideration, deliberation, or debate.

Mr. Speaker, I propose not only to protest against this sort of procedure, I propose to vote against the bill. My justification in that vote will be found first that the Government of the United States has no business to engage in petty larceny. It has no business to stoop to the level that is now being perpetuated by reaching out the hand of Government tax collectors, plunging it deep into the taxpayer's pockets and filching and extracting therefrom a tax on the food he eats, the clothing he wears, the automobile that he rides in, the house in which he lives, and every article and commodity that he is compelled to use daily, weekly, monthly, and yearly by this imposition.

Twenty-six States have already adopted sales taxes and those sales taxes are in most cases in operation. In opposition to these State and Federal sales and nuisance taxes and to all such taxes, I lay down five elemental rules.

First. Our Constitution, our best traditions, and our greatest historians continually preach the equality of men in the United States of America. We are taught and we believe that all men are created free and equal. Assuming those premises to be correct, then we say that every man, every woman, and every child has a right to live and to live decently and respectably.

Second. Every man, every woman, and every child has a right to eat decent, wholesome, satisfying foods.

Third. Every man, every woman, and every child has his inherent right to attire himself in decent, comfortable, satisfying raiment and clothing.

Fourth. When the day's toil is ended and completed this same American citizen has a right to indulge in decent, wholesome recreation, amusement, and entertainment.

Fifth and finally. This same citizen, when he has lived and served his three score and ten years, or even before, has for his inherent right, the right to end his days in peace and comfort without being hounded from the cradle to the grave by noxious, foul sales and nuisance taxes.

I contend that it is the privilege of American citizens to purchase the commodities of life, including food and clothing; to attend the motion-picture performances, the theater, the circus, to ride in their automobiles, be they Fords or Cadillacs, to reside in their homes, be they hovel or palace, without being raided by Uncle Sam and the State governments every time they buy a commodity, be it a toothpick or radio.

Simply because this law was enacted under Hoover and the Republicans does not justify its perpetuation by Roosevelt and the Democrats. I, too, want to balance the Budget. I know that the Budget can never be balanced in this manner. I know that the only way the Budget can be balanced is by taxing wealth, by imposing heavy levies upon inheritances and gifts, and on all large incomes. By that method England is balancing her Budget. By that method we can balance our Budget.

As you know, I have voted against all "gag" rules. Of all of them this one is of the worst. The bill we are considering has a privileged status. It is considered without a rule from the Committee on Rules. It gives us no chance to reduce 3-cent postage to 2 cents, a wanton, cruel raid upon the pocketbooks of the poor. Some have said that this is a "fair" sales tax. My reply is that there is no such animal. They say that a manufacturing excise tax is a good tax and a fair sales tax. I deny it, because the manufacturer will pass it on to the consumer. We are told that we must continue with these nuisances because there is no other way. There is another way, but the proponents of this tax refuse to see it; that is, to tax wealth and riches of this country.

Some may inquire my reason for supporting processing taxes on farm commodities. Some may claim inconsistency on my part because of my opposition to nuisance and sales taxes, and concurrence in the imposition of processing taxes. My reply is that, first, processing taxes are levied to advance price levels to producers of farm commodities so that cost of production may be received by producers. Secondly, the disparity or difference between producer and consumer is so great that out of those disparities or differences processing taxes can be and are readily absorbed by the processors, handlers, and middlemen, thus imposing no hardship on the consumer.

Three-cent postage is an outrage—an imposition unwarranted, unjustified, and uncalled for. The Postmaster General has requested that this rate be continued, claiming that it is necessary to avoid a deficit, claiming that unless this rate is continued the postal expenses for 1936, which include steamship and aircraft subsidies and free carriage of Government mail, will be increased by about \$75,000,000, all of which will become an added burden on the general revenues of the Treasury. That is a clear and deliberate statement of fact; but, if 3-cent postage is necessary in order to avoid that \$75,000,000 deficit, so that we can continue steamship and aircraft subsidies, then I say let us do away with those subsidies once and for all time. Why should the poor tax-

payer continue to be bedeviled and burdened with 3-cent postage.

The Ways and Means Committee recommends that all temporary provisions of the present revenue law which brings in additional revenue should be extended for a period of 2 years. Yet in the same breath the committee believes that these taxes and the higher postage rate should be removed as soon as the condition of the Treasury permits. I say that time has arrived now. The condition of the Treasury will permit this abundantly if you take wealth and incomes accordingly. So that you can determine for yourself just who and where nuisance and sales taxes pinch most, I am inserting at this point tables provided by the Committee on Ways and Means. [Applause.]

TABLE I.—Excise taxes subject to repeal under existing law

Tax on—	Section Revenue Act of 1932	Actual revenue fiscal year 1934	Estimated revenue fiscal year 1935	Estimated revenue fiscal year 1936
Lubricating oil.....	601(c)(1)	\$25,255,000	\$26,848,000	\$28,000,000
Brewers' wort, etc.....	601(c)(2)	3,040,000	1,322,000	800,000
Grape concentrate.....	601(c)(3)	27,000	2,000	1,000
Imported petroleum, etc.....	601(c)(4)	8,243,000	8,000,000	8,000,000
Imported coal.....	601(c)(5)	1,153,000	1,100,000	1,100,000
Imported lumber.....	601(c)(6)	918,000	900,000	900,000
Imported copper.....	601(c)(7)	800,000	800,000	800,000
Tires and tubes.....	602	27,630,000	26,141,000	27,000,000
Toilet preparations.....	603	10,813,000	12,554,000	12,000,000
Furs.....	604	7,662,000	2,725,000	2,500,000
Jewelry.....	605	4,669,000	1,942,000	1,800,000
Auto trucks.....	606	5,048,000	6,191,000	6,300,000
Other autos.....	606	32,527,000	34,305,000	35,000,000
Auto accessories.....	606	5,696,000	6,128,000	6,200,000
Radios and phonographs.....	607	3,157,000	3,583,000	3,700,000
Mechanical refrigerators.....	608	5,526,000	6,538,000	6,800,000
Sporting goods.....	609	3,773,000	4,513,000	4,600,000
Firearms, etc.....	610	2,511,000	2,333,000	2,300,000
Cameras, etc.....	611	364,000	345,000	340,000
Matches.....	612	6,971,000	6,284,000	6,200,000
Chewing gum.....	614	651,000	638,000	650,000
Electrical energy.....	616	33,134,000	32,452,000	33,000,000
Gasoline.....	617	202,575,000	162,059,000	170,000,000
Telephone and telegraph messages, etc.....	701	19,251,000	19,686,000	20,200,000
Transfer of bonds.....	724	13,300,000	14,300,000	14,300,000
Conveyances.....	725	10,379,000	9,585,000	9,600,000
Oil by pipe line.....	731			
Total.....		435,073,000	391,274,000	402,091,000

NOTE.—Expiration dates of above taxes all June 30, 1935, except taxes on tires and tubes, auto trucks, other autos, and auto accessories, which will be on July 31, 1935.

TABLE II.—Excise taxes subject to reduction under existing law

Tax on—	Section Revenue Act 1932	Actual revenue fiscal year 1934	Estimated revenue fiscal year 1935	Estimated revenue (if rate increases are extended) fiscal year 1935	Estimated annual loss of revenue (if rate increases are not extended)
Issues of bonds.....	721	\$2,959,000	\$3,162,000	\$3,200,000	\$1,600,000
Issues of stock.....	722				
Stock transfers.....	723	38,066,000	14,916,000	15,000,000	8,000,000
Produce futures.....	726	7,848,000	4,040,000	2,700,000	1,300,000
Admissions.....	711	14,613,000	15,389,000	16,000,000	14,000,000
Total.....		63,486,000	37,507,000	36,900,000	24,900,000

NOTE.—The expiration date of the temporary rate increase of the above taxes is June 30, 1935, under existing law.

TABLE III.—Summary

Actual revenue from temporary taxes and taxes temporarily increased for fiscal year 1934.....	\$493,559,000
Estimated revenue from above for fiscal year 1935.....	428,781,000
Estimated revenue from above for fiscal year 1936 (if taxes are continued on existing basis).....	438,991,000
Estimated annual loss of revenue on 1936 basis (if temporary taxes and rates are not continued) <sup>1</sup> .....	426,991,000
Estimated annual loss of revenue (if existing temporary law in respect to postal rates is not continued).....	75,000,000
Grand total estimated annual loss of revenue (if existing temporary laws are not continued).....	501,991,000

<sup>1</sup> Loss for fiscal year 1936 would be about \$45,000,000 less than the annual figure given, since collections would be made in the first 2 months of the fiscal year 1936 on account of sales made in the last 2 months of the fiscal year 1935. (Postal rates decrease after June 30, 1935, under existing law.)



LAYING OF CORNERSTONE OF THE NEW POST OFFICE BUILDING AT BERGENFIELD, N. J.

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address delivered by J. Austin Latimer, Special Assistant to the Postmaster General, at the cornerstone laying of a post office in my district.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by J. Austin Latimer, Special Assistant to the Postmaster General of the United States, at the laying of the cornerstone of the new post-office building at Bergenfield, N. J., Saturday, June 15, 1935:

Mr. Chairman, ladies and gentlemen, I am always very happy when my good friend and your good friend, James A. Farley, requests me to represent him personally, and this is particularly true today when I bring to his neighbors his personal greetings and best wishes, and his sincere regrets that he cannot be with you.

We of the Post Office Department always find it a pleasure to deal with your excellent Representative in Congress, and I am particularly happy to have the honor of appearing on this program with Congressman Kenney, Mayor Lindstrom, and Postmaster Stoughton.

This is an important day in the history of Bergenfield, for you have a just right to be proud of your first federally owned post-office building, of which we lay the cornerstone today. This new post office, costing approximately \$36,000, will contain more than twice the floor space of your present rented quarters. It will be modernistic in design, as befits such a progressive and rapidly growing borough as Bergenfield. Our records indicate your splendid growth—your population practically quadrupled in the 20 years between 1910 and 1930; your postal receipts increased from \$8,371 in 1910 to \$19,821 in 1934.

I was interested to learn that the site of this new building was purchased from one Albert V. Demarest, and to note that John Z. Demarest was your first postmaster, appointed December 11, 1883, followed by Charles B. Hunter, February 23, 1911; George Breischacher, March 1, 1915; Alfred Christie, March 1, 1919; John G. Stoughton, February 15, 1924.

I understand that the Demarest family is one of the oldest in this vicinity, the first settler of that name locating here soon after the middle of the seventeenth century. According to this history, the territory now included in Bergenfield was first known as Schraalenburgh, from the Dutch meaning a barren knoll or hill. Soon after Matthew Nicols forfeited his grant from failure to settle sufficient families on the land, David Demarest, a French Huguenot appeared here. He did not attempt to secure patents from the governor but bought about 6,000 acres from the Hackensack and Tappan Indians, which shrewd move put him in peaceful relationship with them and gave him undisputed possession. I believe you did not become the borough of Bergenfield, however, until 1894.

Situated in a State that has been aptly termed "The Battleground of the Revolution", because nearly 100 battles, great and small, were staged on New Jersey's blood-stained soil—more than were fought in any other of the 13 States—this locality naturally witnessed the passings of both armies during that long struggle, but not only during the Revolution have you been in the midst of military movements. During the World War, I am told, nearly 1,000,000 troops passed through Bergenfield to Camp Merritt, the embarkation camp for overseas service, and to other training camps.

Yours has been an interesting past, and a busy progressive present. With your strategic location and other natural advantages, I predict for Bergenfield a prosperous and promising future. It would not surprise me if within the life of many of us present here today to lay the cornerstone of this modern and adequate post-office building, that your thriving community would grow to the point where even larger quarters would be needed to handle your constantly increasing postal needs, though in planning this building the Government has tried to look ahead and take care of the future somewhat as well as of the present.

The postal receipts have long been considered a barometer of business conditions throughout the country, so when a town outgrows its postal facilities it is a splendid indication of prosperity and well-being, not only in that section but in the country at large.

Shortly after the present Postmaster General took office, he found that while the postal receipts were a good barometer, they were some months late in registering the rise or fall of business, and being a business man in every sense of the word, Mr. Farley at once improved that. A modern system was installed so that the Department now knows on the 7th of each month the income for the previous month, and on the 20th we have the complete accounts.

The improved system now enables me to tell you that for the first 10 months of this fiscal year there has been a gain in postal receipts of 10½ percent over last year, in the smaller offices throughout the United States. I am happy to report that the present year—by which I mean the fiscal year ending June 30, 1935—promises to keep up the good report. April 1935, the tenth

month of this fiscal year, records the best postal increase of any month since April 1930, and only a million dollars below that year. That month's gain is nearly 15 percent over April 1934, which translated into dollars and cents means that April 1935, shows a gain in postal receipts over the same month last year of more than \$7,000,000. And the receipts for May to date show substantially the same corresponding increase over May of last year. The budget of the Postal Service has been balanced. Postmaster General Farley has frequently stated his intention of conducting the Postal Service as a public-service establishment rather than as a profit-making organization, and of returning to the people in improved service, and to the employees in improved working conditions, what is received over and above the postal expenditures.

Incidentally, the erection of every post office, such as this we celebrate today, is a milestone that marks the Nation's path back to prosperity. As I have said, the postal receipts are considered a barometer of business conditions throughout the country, and there is no more accurate index to our economic progress or decline than the post-office figures. When business goes up, the postal activities and resulting revenues increase. When business goes down, the post-office work declines in almost exact ratio.

The present healthy situation of the post-office budget is a direct reflex of the improvement in business conditions. The index points to a vast improvement all along the line. However, we are not out of the woods, of course, though we are well on our way. Not only does the substitution of black ink for red in drawing up the balance sheets emphasize this fact, but the contrast between the despair of the depression period and the hopefulness that now exists among our people tells the same story. As the Postmaster General so aptly stated at Philadelphia recently—wherever you turn you see the flowering of our business plants. It is an economic spring preceding the summer of content, and you may be assured that precautions will be taken by President Roosevelt against any unseasonable frost that might spoil the harvest. He, like New Jersey's own President, Woodrow Wilson, is a great leader; indeed "one of the few that have a right to rank with the true makers" and "far within old darkness' hostile lines" he is advancing and pitching "the shining tents of light."

Mr. PITTINGER. Mr. Speaker, may I call the attention of the House to the fact I was on my feet yesterday just before adjournment at the same time the gentleman from Massachusetts [Mr. MARTIN] had the floor, and I made a reservation of objection, which the RECORD does not show. I did that for the purpose of trying to find out what would happen to the omnibus bills, because I had been told earlier in the day they would not be considered today.

The SPEAKER. The Chair will state the request submitted by the gentleman from Colorado [Mr. TAYLOR] was unnecessary, because if the gentleman will read the Private Calendar rule he will find it is within the discretion of the Chair whether he will direct the Clerk to call Private Calendar bills on the third Tuesday in the month. There is a difference with reference to the consideration of bills on the Private Calendar on the first Tuesday and the third Tuesday of the month, and if the question had been raised the Chair states it would have been in the discretion of the Chair whether he would have ordered the calling of bills on the Private Calendar.

The Chair may also say, in explanation, that the Chair feels the Private Calendar may be taken up later in the session and the entire calendar called, including the omnibus bills. The Chair feels, however, that in the interest of an early adjournment we ought to consider these other major bills and send them to the Senate and consider the Private Calendar later on.

Mr. PITTINGER. May I thank the Chair for the statement, because the RECORD as it stands indicates that no one objected to what was being done, although I would have objected to the procedure if I had obtained the floor.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. In view of the special order yesterday doing away with the consideration of bills on the Private Calendar today, the bills on the Private Calendar and omnibus bills would not be in order today even after we get through with the A. A. A. amendments?

The SPEAKER. The gentleman is correct. The Chair may say in explanation of the statement made a while ago and in further amplification of that statement that the first section of the rule which applies to the first Tuesday in the month does not include omnibus bills. It provides that on the first Tuesday of the month the Speaker shall direct the calling of the Private Calendar, and the rule cannot be dispensed with except by a two-thirds vote of the House. The second paragraph, which covers the third Tuesday in the



month, provides that the Speaker may direct the calling of the Private Calendar, and there is no provision to the effect it shall not be dispensed with.

Mr. O'CONNOR. Mr. Speaker, this was all done deliberately and thoroughly and understood when the rule was adopted.

The SPEAKER. I am sure that is so, and I think the author of the rule and the House knew that when the rule was adopted.

#### AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8492, with Mr. Cox in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, in the short time allotted me, I do not expect to be able to discuss this bill in detail, but under the wise provision that someone started years ago, giving us permission to revise and extend our remarks in the RECORD, there will be found at the end of my remarks a more complete discussion of the problem as a plain, real farmer sees it.

Mr. Chairman, I remember when I came to this Congress a little more than 2 years ago, one of the first friendships I formed was with the genial, brilliant gentleman from Illinois, who spoke yesterday for the processors. We had many things in common. We early became friends. We were both members of the Agricultural Committee. I said to him one day: "Why are you, a Chicago lawyer, on the Agricultural Committee?" He looked at me and smiled and said: "Governor, the stockyards are in my district." I needed no further explanation. I congratulate the brilliant and talented attorney for the wonderful defense he made of the stockyards, the packers, and the processors. We will hear much of that speech in the coming months.

I sincerely hope someone with the ability of the able Chairman of the Agricultural Committee, the gentleman from Texas [Mr. JONES], will give us a detailed answer to that marvelous array of, shall I say, misinformation from the farmers' point of view.

The millions and billions of dollars that the farmers are supposed to have received, according to that speech, would have made us all rich. Most of the money borrowed by farmers will be returned. Many millions of this borrowed money have already been returned. Many millions of the money that you set out in your wonderful array of figures have not even been appropriated.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I am sorry I cannot yield.

Mr. BEAM. I just want to correct the gentleman's statement by changing the word "appropriated" to "authorized." If the gentleman will read the RECORD, he will see that the statement says "authorized."

Mr. PIERCE. The RECORD will show the facts.

I want to compliment the chairman of this committee for his very careful consideration, not only of this bill but of every bill that came before the Agricultural Committee. He has certainly displayed a wonderful degree of generalship harmonizing the requests of the departments and the views of various members of his committee.

#### FARM PRICES ARE BETTER

The meat of this whole thing is this: When we passed the Agricultural Adjustment Act in June 2 years ago the farmer was getting less than one-third of the consumer's dollar and two-thirds of it was going to the processor and middleman. Today the best compilations we have show that the farmer or the producer is getting about 45 cents out of each consumer's dollar. The statement of my lawyer friend that the farmer had a perfect right to take his prod-

ucts to the ultimate consumer and get 100 cents of the consumer's dollar is certainly true, but what chance has the farmer of Ohio or the cattleman of Oregon or the wheat man of Nebraska to take the products of his farm to the ultimate city consumer and get anything for it? It has to go through the hands of the processor.

Fifty years or a little more ago, when I commenced my career in Oregon as a farm hand, the farmer was getting more than 50 cents out of each consumer's dollar. This has been gradually forced down, reaching 32 cents for the farmer's share. Since the present administration came into power it has gradually increased, until today the farmer is getting 45 cents of that dollar. Is it any wonder that the processor or the transportation man is getting alarmed and has flooded Members of the Congress with his propaganda, threatening us with the dire disaster that will follow if we pass these simple amendments, to do what? To make more effective the present act.

[Here the gavel fell.]

Mr. PIERCE. Mr. Chairman, I ask unanimous consent that I may revise and extend my remarks for those who are interested in the farmer's point of view.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. PIERCE. Mr. Chairman, Charles Beard, in his justly famous book, *The Rise of American Civilization*, opens his chapter on agriculture with words something like these, "In every age and in every clime where civilization has passed its most primitive form there has always appeared a small group of men devoted to finance, commerce, and industry. This group has always borne down with terrific oppression upon that group which derived its sustenance from agriculture." True in ancient, medieval, and modern days. The early agriculturists were mere slaves, often tied legally to the soil and sold with it when transfers of title were made. In Europe as well as in Asia those who produced the food and fibers that made possible industry and commerce were mere peasants, working for a bare subsistence, having nothing left over after the exactions of landlords and tax gatherers were met. They had no opportunity to share and to enjoy even the meager comforts which were then available for the average man of the time. When America became known to the farming and middle classes of Europe 300 years ago, a new vision gave hope to those who tilled the soil and produced the commodities that civilized men desire. It was a new vision, because they saw across the stormy ocean a land where they might acquire title to precious acres, where they might grow most of the things they needed, be enabled to sell their surpluses, and become free, independent landholders, enjoying the fruits of their labors and constructively building for the future.

#### FARM CONDITIONS HAVE CHANGED IN AMERICA

In our Colonial era, before the American Revolution, the larger percentage of the people lived on their own farms, where they were largely self-sustaining as to food, clothing, and housing. The Virginia farmer, as well as the farmer of New England, cured his own meat, ground his wheat and corn, constructed most of his own implements and tools, and made his own clothing. The average Colonial farmer sold about 5 percent of the commodities he produced. He consumed the other 95 percent of his products. The average present-day farmer must sell about 80 percent of commodities produced, either in grain or livestock.

Our governmental institutions were worked out and formulated principally by farmers, who had no other ideal than the economic and social conditions which prevailed in 1787. They were not able to pull aside the curtain that hid the future from their day. The wisest men of the day could not envision the America of today. The isolated, independent farmer of Revolutionary days is gone forever. Industrial evolution has settled his fate. In the place of the independent, individual farmer we have a highly industrialized farming population.

Not so many years ago, we lived in a world of scarcity. Clothing was scarce; food was scarce; the few simple ma-



chines were scarce. I can, myself, remember when my father's binder was the only one in the whole neighborhood, and they ran it during all the daylight that the long summer days afforded. Today, even the farm is mechanized, and the farmer is producing farm commodities on a commercial basis by means of hired labor and machinery, with little or no work of his own hands. Such a farmer is a commercial farmer. Conditions require such a farmer to use machinery in its most modern, up-to-date form.

On my own farm in Oregon, I have plowed my land with walking plows and gang plows, with horses and mules for power. On that farm some three different types of tractors have been used in the farming operations, as these machines have become perfected. Land, that it formerly cost me \$1.50 an acre to plow with horses or mules, can today be plowed for less than 50 cents an acre. This includes not only the cost of fuel but the upkeep and the wear and tear, and all items considered. In other words, a farmer who has any quantity of plowing to do cannot afford, today, to hitch up his own horses against a Diesel engine, where the actual fuel cost is about 8 cents an acre for plowing. This machine age, in which we live, has brought about these same changes for the majority of all farming activities.

In his diary, George Washington complains of constant farm losses throughout his long years of experience and ownership. During the past hundred years, there has been some farm prosperity, and certainly a hopeful attitude on the part of the farmer. It appears that even this is gone, today. I know there are many who say the farmer has been extravagant and that his troubles have been brought on by his expensive and costly methods of operating. Speaking as a real farmer, who has operated under changing conditions during 50 years, I wish emphatically to assert, that I think the farmer is entitled to all of the necessities of life together with a reasonable share of modern luxuries and up-to-date machinery. The automobile and truck are a necessary part of the commercial farm equipment. The time was when the farmer could drive his own horse to the county seat. He raised the feed for that horse on his own land, and he had a horse growing up in the back pasture to drive when the other animal had outgrown its usefulness. Now, if that farmer wants to be a part of the world, and to enjoy a little of its society, and to keep his boys and girls around him on the farm, it is necessary for him to have the modern mechanical devices.

Rural electrification is a subject which is receiving much attention on the part of this administration. Electric light and power add much to country life. With the millions of electric horsepower going to waste down our streams, it is not right to ask those who live on the farms to do without this electrical energy which can be produced so cheaply. In order to facilitate rural electrical development, promoter's profits must be eliminated, and the natural resources used wisely for all mankind and not for the specially favored few.

#### PERIODS OF AGRICULTURAL PROSPERITY

When the World War was over and the great European emergency market for the American agricultural products was brought to a sudden end, there were very few who properly analyzed the situation. I remember the days of 1920 and 1921 very distinctly. I was then a large producer of cattle, hogs, and wheat. I often said "You will never see wheat less than \$1.50 a bushel, and the fat steers and hogs will always bring at least 10 cents a pound." Along with millions of others, I could not envision the dark hours that were to follow for the farmer. We farmers of America 15 years ago were the most optimistic, happy group of tillers of the soil the world has ever seen. We had been large borrowers of money; we paid liberal interest; we paid high taxes; and we were sending our children to college; we were buying books and manufactured articles from industries. The future looked bright. We could not foresee the wreckage of our hopes and ambitions.

The three periods of great prosperity for the American farmer were periods of war. The first was that period from the formation of our Government in 1789 to 1815, the years in which Napoleon led the armies of the French from Mos-

cow to Egypt. During those Napoleonic wars, every article the American farmer produced brought a good price and he was prosperous. Another great period of prosperity was during the time of the War between the States. Our third and last great period of prosperity was that period extending from 1914 to 1920. No one wants to see war return anywhere on this earth, even to create prosperity for any group or class. The point I want to make is that the prosperity justly due the farmer has been taken from him by the three groups mentioned by Beard, those "devoted to finance, commerce, and industry." This always happens unless their greedy hold is broken by some catastrophe such as war, which yields them such great profits from other sources that they temporarily relinquish their throttlehold upon the farmer. Without governmental backing or cooperative organization the individual farmer is as helpless as a mouse in a cat's paws.

#### CAUSES OF AGRICULTURAL COLLAPSE

There must be some sound basic reason or group of causes which have prevented general and permanent prosperity for the tillers of the soil, for, in America alone, the tiller in large part has also been the owner, especially in the North and West. Various causes for present unhappy conditions are given by students of agricultural economics, but I am convinced that we must accept a series of causes which combined to crush the landowner. First, he paid too large a share of the taxes for support of Government, because his wealth was tangible, and the holders of intangible wealth went scot free under an unjust system of taxation. Second, he paid too high a rate of interest on the money he was compelled to borrow for seasonal operations and for purchase of land. Third, he was compelled to pay excessive profits to speculators in land. Fourth, he was victimized by the excessive cost of farm machinery, due to uncurbed trusts. Fifth, excessive freight rates and preferential Government treatment of railroads, with their profits on watered stock, kept him from his markets. Sixth, tariff privileges were bestowed by Government on his oppressors and denied him. Seventh, speculation on commodity exchanges in prices of agricultural commodities made his selling operations a gamble. Eighth, producer organization was neglected by agricultural colleges and agencies, while they promoted quantity production. Their shortcomings and their manipulation by "finance, commerce, and industry" resulted in neglect of those aspects of farm life which should have been studied earlier. Ninth, the farmer follows a hazardous occupation subject to weather conditions and fluctuating markets.

With such an array of adverse circumstances, it is not strange that the farmer is today demanding an economic reorganization with governmental aid and control.

I am well aware of the fact that since the World War our greatest difficulty has been the loss of European markets, where we sold our surplus cotton, wheat, and hogs. Europe was ready to buy at a fair price because we bought of her, and because we owed her large sums of money borrowed to build our railroads and other improvements. That foreign market collapsed after the World War when an era of barrier tariffs was ushered in by our privileged friends in "finance, commerce, and industry." Nationalism became a fetish. Germany, France, England, and Italy strove to produce not only their own wheat and meat but, in fact, everything that they wanted to consume. That spirit of nationalism has driven from the high seas the trade of the world. No longer are our cargoes of farm commodities welcomed in foreign ports; they are now subject to quotas and to prohibitive tariff walls. Consequently, our surplus has been thrown back on the American markets. These markets have broken under the strain, and bankruptcy has followed in the wake of our orgy of nationalism. Ruin faces not only the farmers of America but the financiers as well, and also many an industrial concern that made the better part of its profits from articles manufactured and sold to the farming world.

Value has practically gone out of farming land and it is my judgment today, that if accurate figures were obtainable, it would be found that taxes alone are taking over one-half



of the rental value of the farming lands of America. I know figures are often quoted showing that the larger percentage of the farms in America are not mortgaged and that a large percentage of the farmers are prosperous. I challenge those figures. In order to arrive at that conclusion every acre and half-acre lot in every suburban tract must be counted as a farm. The real honest-to-goodness farms are 80 percent mortgaged, from the Allegheny Mountains to the Pacific Ocean. When once mortgaged, the farms are practically lost as far as the farmer is concerned, for at prices which he can secure now and probably in the future, there is little or no hope that the farmer can pay the expenses, taxes and interest, and wipe out the mortgage.

#### GOVERNMENT AID NEEDED

Left to his own resources, the American farmer cannot recover. He is not only ruined financially himself, but he is pulling down with him the industrial and financial world. The ill-fated Farm Board was created to help restore his prosperity, it failed because it was dominated by that group devoted to finance, commerce, and industry.

The Agricultural Adjustment Act has helped to bring back partial prosperity. We must now enact into law these amendments, H. R. 8492, so that the fight may still continue to restore parity in exchange to the farming community. By that I mean that a given quantity of farm commodities should purchase the same quantity of tax receipts, farm implements, or other articles that the farmer must have, which would have been purchased in the base period of 1909 to 1914.

Full well do I know that many say "Let the farmer alone. He is all right. Do not hamper him with laws." That doctrine can lead only to trouble. Under present conditions we must have controlled production or financial failure for the American farmer. He is still holding a long-view objective and hopes for a more abundant economy for the industrial groups. He is sure that with a relief from the exactions of the financial group there ought to be a profitable market for everything he will be able to produce.

#### IMPROVEMENTS WROUGHT BY TRIPLE A ACT

When this administration came into power farm prices were approximately 35 percent below the relation of farm prices to industrial prices which had held for the 20-year period prior to 1920. Farm prices are still 25 percent below that relation.

Two years ago this June month we passed the Agricultural Administration Act, known as the "triple A." It was a bold, far-seeing, brave, generous conception. It was an attempt to give the farmer a larger percentage of the dollars that the consumers paid for the commodities produced. Careful compilations made at that time showed that the producer received about one-third of the consumer's dollar; or, in other words, it took an average of two-thirds of the amount that the consumer paid to cover transportation and pay the profits and expenses of the middle man and the processor. Never lose sight of the fact that the object of the triple A is to help and assist the farmer to get a better price for his commodities. The real purpose of this act was to give the farmer a few more cents out of the consumer's dollar. Careful compilations show that, at the present time, the farmer is now getting about 45 cents out of each consumer's dollar instead of the 33½ cents, which he had under the old system. Those extra cents out of the consumer's dollar have gone to the man who milked the cows, raised the hogs and produced the wheat. No wonder the processor is up in arms! He has simply flooded the Congress for months with his propaganda, begging, threatening; in fact, doing everything humanly possible, and many inhuman things belonging to the category of the nether regions, to prevent any amendment that would strengthen the Triple A Act. I know there are a few farmers who will contend that they have never been benefitted by this act. They are simply deceived, or are the victims of this propaganda. They have listened to the siren voice of the processor who would like to have the farmers produce commodities in immense quantities so that he could get his rake-off. The processor has been greedy, and he has been

short-sighted, possibly he has sometimes used this power corruptly.

Rates for processing and transportation remain the same whether crops are small or large. In good years and poor years, those charges are like the laws of the Medes and the Persians. They hold through all conditions and change only to be more firmly fixed. They certainly charge all the traffic will bear, and then some.

#### FURTHER CONTROL NEEDED

Between 1929 and the spring of 1933, agricultural commodities dropped in price 63 percent, and during the same period the output dropped only 6 percent. Farm implements during the same time dropped in price only 6 percent, but they dropped in output 80 percent. No wonder there was trouble. Implement makers had control of production. Farmers did not have that control.

In spite of the drought and agricultural curtailments of crops, the total volume of farm commodities in 1934 was only 15 percent under the production of 1929, while industrial production was off 42 percent during the same period. In 1870, 53 percent of the gainfully employed were on farms; they received 26½ percent of the total income. In 1932, 62 years later, 23 percent of the gainfully employed were on farms, but they received only 7½ percent of the income. All the immense profits that had resulted from the use of machines and modern methods had been absorbed by that group mentioned by Beard, those devoted to "finance, commerce, and industry."

#### PRICE FIXING NOT INCLUDED

I have never in the past been an advocate of prices fixed by Government mandate. It has never seemed to me possible for the Government to fix the prices without injury to many people and many interests. I am free to confess that my service on the Agricultural Committee for three sessions of Congress has somewhat softened my opposition to price fixing, and, after listening to hours of hearings, I am beginning to wonder if we may not be approaching the time when fixed prices for farm commodities will be a part of the agricultural program. The Triple A Act does not attempt to do this. It is based upon the theory that if we could cut down the amount of our farm commodities so that we would consume what we raised, and provide a normal carry-over granary, the prices of farm commodities would regulate themselves.

#### BENEFIT PAYMENTS ARE LIFESAVERS

Those who cooperate in reducing the quantity so that there shall be no exportable surplus are rewarded by benefit payments. I do not know what farmers in some parts of my district would have done had it not been for the money they received by way of the benefit payments. In many counties that I represent on this floor there are scores of farmers who have found those benefit payments a sort of an insurance, enabling them to pay taxes, clothe their families, and send their children to school.

#### FARM INCOME HAS INCREASED

Substantial improvement has been made under the present administration. In 1932 the farm cash income was \$4,328,000,000. In 1934 it was \$6,100,000,000, an increase of 41 percent. The value of this advance was partially lost by the fact that during the same period nonagricultural commodities advanced 15 percent over the price in 1932.

About 23 percent of the Nation's gainfully employed are farming. In 1932 that 23 percent of our population received only 7½ percent of total income. In 1934 that same farming population received 10½ percent. The farmer is not getting one-half of his share yet, but there has been a real improvement.

In 1934 the purchasing power of units of farm products averaged 73 percent of the pre-war level. In March 1933, at the low point, it stood at 55 percent of pre-war level.

#### UNFAIR PRACTICES MUST BE STOPPED

There never has been justification for raising the price of flour and bread as the millers and bakers have done. They have forced flour and bread prices higher, using the processing taxes for an excuse for their unjustifiable increases. Actually the increase in the price of bread has been 2 cents



a loaf; the farmer got out of that increase one-half of 1 cent a loaf. The cotton farmer received about 8 cents increase on a pair of overalls. Other articles were in like proportion, but the processor and the seller reaped immense profit. A neighbor in my home county reported to me last week that wheat was down to 51 cents a bushel and local flour \$1.84 for a 50-pound sack. At this price for flour, wheat should sell for \$1.64, including the processing tax of 30 cents; the farmer should net \$1.34. Someone is making too much. Why not divide more equally? It is our business to regulate this. A congressional investigation should be made at once, and, if it reveals what I expect, it should be followed by drastic legislation next session.

#### AMENDMENTS OVERCOME CONSTITUTIONAL DIFFICULTIES

The National Industrial Recovery Administration made an attempt to force the business world to sell to the consumer at reasonable prices and to pay reasonable wages. Unfortunately, the chiseler, the obstructionist, and the courts have ruined that experiment. The Agricultural Adjustment Act is also a finely conceived attempt to give to agriculture a chance to exist, a chance to receive a reasonable price for the products of labor, so that interest and taxes may be paid, so that the steady march of the American farmer toward peasantry may be stayed. It must not be ruined by court decree or legislative act.

These triple A amendments, which our Committee on Agriculture is offering today and asking this House to pass, amend the present law in several important particulars. They are carefully drawn to meet the requirements laid down by the Supreme Court in their recent Schechter decision. In that case, which is now history, the Supreme Court held that Congress could not delegate its legislative power, except within certain limitations. This Supreme Court decision is the most important and far-reaching decision that has come from that august tribunal since the Dred Scott decision, 78 years ago.

Our American citizens demand an end to the present inhuman and cruel economic system upheld by the Supreme Court in the Schechter case. We must find a way to legislate within the Constitution so that Government shall be allowed to act in all respects for the protection of the citizens. We believe we have provided, in this pending bill, all the specifications and rules, all of the conditions that the Supreme Court will find necessary to make an order of the Secretary of Agriculture constitutional.

#### COMMODITIES INCLUDED IN THE AMENDMENTS

The commodities under discussion for inclusion through amendment were fruits, vegetables, and milk. Canned fruits and vegetables were omitted from the operation of the act because it was believed by the committee that, in a large measure, vegetables and fruits for canning were produced by farmers very closely tied in with the canners. In many cases the canning and producing are cooperative enterprises. It was thought by the committee that it was not best to have any agreements or orders pertaining to these industries at the present time. Hence, they were omitted, as were apples. Other fresh fruits and vegetables remained in the list. Soybeans and tobacco were included because it was thought by the majority of the committee that the same rules that applied to fresh vegetables and fruit could be applied to tobacco and soybeans. The most important commodity covered by these amendments is milk and its products. Milk today is a necessity and its production and distribution is a utility charged with public use. There is no food that our people depend upon as much as milk and its products. It is believed that when the final test comes before the Supreme Court this law will be found to be constitutional. I regret to state that it was concluded by the committee that it would not be best to include wool and mohair because we are still importers of wool and rules were difficult to formulate.

#### PROCESSING TAXES

Processing taxes of nearly a thousand million dollars have been collected under the act; and should the Supreme Court of the United States declare unconstitutional the original Triple A Act, and if there be no prohibitive legislation, the

processors may demand that the Government return to them this immense sum of money. This would be most unfair and unjust because, generally, the processor has passed on to the consumer the charge for the amounts of money collected. It would be unjust to repay to processors millions of dollars which they paid in the first instance, and then made their customers pay back to them in the higher price of the processed goods.

It is the belief of the committee that this amendatory act will prevent suits from being filed that will have any standing in a court of law or equity. For this one reason, if for no other, this bill should be passed now at this session. The act also provides that in the future this processing tax shall be collected under the taxing power of the United States, using an entirely different power upon which to base the right to levy the tax, one that the courts, we feel certain, will hold constitutional.

#### CONTROL OF SURPLUS AND IMPORTS

In this bill, H. R. 8492, now pending, there is a provision that 30 percent of our customs duties shall be kept in a separate fund and be used by the Secretary of Agriculture to assist in an effort to bring back price parity between agriculture and industry. This will amount to about \$100,000,000 annually and may be used to—

(1) Encourage the exportation of major agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation; (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities, or by other means, from the normal channels of trade and commerce; (3) purchase or lease, on behalf of the United States, submarginal agricultural and grazing lands; and (4) finance adjustments in the quantity planted or produced for market of agricultural commodities.

This provision follows some of the principles of the Grange debenture plan and the McNary-Haugen bill.

Particularly will these provisions benefit the Pacific Northwest, where we annually raise 80,000,000 bushels of wheat, more than half of which must be exported from that coast. In that great region we are handicapped by a railroad rate of 42 cents a bushel on wheat to the Missouri River. Under the pending bill the Secretary of Agriculture will be authorized to use money to export that regional surplus as he did a year ago when he took 28,400,000 bushels of surplus wheat out of the Northwest at a loss to the A. A. A. fund of a little more than six and a half million dollars, or 23 cents a bushel, for the purpose of stabilizing prices.

There is also another provision in this bill that should endear it to the heart of every agriculturist, and that is the provision that will make it possible for the President practically to prohibit the importation of agricultural products from foreign countries. He shall do this when he learns through his fact-finding boards that the importation of these farm commodities is not necessary for the maintenance of our people or to fill a normal granary, but that such imports are used to break our domestic markets or to "render ineffectual or materially interfere with any program or operation to the Secretary of Agriculture to benefit agriculture." I believe the day is close at hand, unless there is a decided change in the nationalistic sentiment so prevalent in the world today, when we must absolutely prohibit the importation of any agricultural product that can be produced in the United States. This section of the bill probably goes as far as we ought to go at the present time.

#### THIS CAREFULLY PREPARED BILL SHOULD PASS

I can assure you no bill of this session could have received more care and attention, more thoughtful study. For hours, days, and weeks the Agricultural Committee has labored faithfully, and we believe we have brought for final passage before this House the most important bill of this session. It would be a calamity to see this bill fail of final enactment. It would not only be a calamity but it would be an irreparable disaster. Congressmen who represent particularly the industrial and financial districts should vote for this bill for their own safety and the safety and well-being of our entire people. Those devoted to finance, commerce, and industry are dependent upon farm prosperity.



The American farmer will not be forced to peasantry without one most desperate struggle. He and his family have tasted of the better things of life. He has the right to vote and he will rise up with the power that he has. He may be driven to follow demagogues, he may wreck this very Government itself, but he will not tolerate loss of home, occupation, and self-respect. He has lost through court decision the opportunity to save his farm from foreclosure pending return of values. This Congress has been gravely negligent in omitting legislation providing a moratorium by means already held constitutional in the Minnesota case.

We who sit in this Hall today may be very conservative compared to the group that may follow us. Should this bill fail of passage, or should it fail to accomplish the purpose that we believe it will accomplish, then danger threatens. A vote for this bill is a vote to establish stability and confidence in the farming world.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, the committee has worked diligently upon this bill for 4 months, and since the middle of February. There was another bill before the committee, which was referred to yesterday by the gentleman from Illinois [Mr. BEAM], which was open to the objections that he recited, but there is no one of those objections that is relevant to the bill now before us. I could spend 2 hours in showing you this, but the best proof of it is that when the original bill came to a vote in the committee it passed the committee by a vote of 11 to 13 and then was recalled and a new bill substituted, which new bill eliminated the faults of the old one.

The new bill is now before you. It is not open to any of the objections proposed by the gentleman from Illinois—not one of them. For example, the gentleman referred to the colloquy he had with Mr. Davis with respect to 1,000,000 being affected by the old bill. That was possibly true at that time, because the old bill related to all processors, to all handlers, and to every grocery man, either at a crossroads or in the cities, who might be selling a can of peas or a pound of potatoes. All of those things have been taken out of the pending bill. It does not affect retailers or producers. There is nothing left of them. I do hope that when gentlemen come to vote upon this bill they will make up their minds on the facts with regard to the bill now before us, and on nothing else. Do not be misled by arguments directed against a bill that is dead and has been buried in the committee for months.

Mr. Chairman, there was an old agriculture which had to do with old-style things, where the farmer was a self-sufficient man and self-contained man living with his family upon the farm. They produced and made for themselves nearly everything needed. I can remember my grandmother making tallow candles. I can remember the old spinning wheel, and so on. In my 15 minutes I cannot dwell on these things. But there is now a new agriculture, and the agriculturalist is in business just as much as the banker or the merchant or the broker who deals in stocks or bonds. This new agriculture is a commercial business. Under conditions that have been existing since I was a boy in northwest Iowa, covering a period of time greater than I care to admit here, agriculture has been broke almost twice in every generation of mankind. I have seen the farms sold. The time comes in the life of nearly every family on the farm when the father dies and the mother dies and the eldest son puts a mortgage on the farm to pay out the other children. Then adversity comes. Prices go down. However diligent and honest and careful he may be, the owner finds himself overwhelmed by conditions which he cannot remedy or overcome, and for which he was not responsible.

After that I have often seen the sheriff come to sell that old homestead farm. It has happened in my family, and it may have happened in your family. I am asserting that agriculture has been broke or "busted", to use a very suggestive term, practically once, and possibly twice, in every generation of mankind, as the game has been practiced out on the farms of Iowa. And the theory has been that agri-

culture must take what it can get under a sort of seepage theory. Let the rich and those who are in commercial businesses prosper—and I want them to prosper; I am not going to make a demagogic speech here—but let those at the top prosper, and then there will be sufficient seepage from above down below to the farmer, the agriculturalist. The theory is that it will be a good deal like Lazarus and the rich man. There will be enough crumbs fall from the rich man's table so that Lazarus can at least eke out a living. So it has come to pass that many folks believe that the farmer should have only the necessities. I have here in my hand a letter from a man who is a great packer in the city of Newark, Ohio. He pretends to tell me, who have lived on a farm in northwestern Iowa and watched farmers all of my life, that the trouble with the farmers is, first, that they spend too much time in town; and, second, that they do not limit themselves to necessities. The letter is dated March 22. There is no group of men on earth who work so much and so diligently and for so many hours as do the farmers. In the summertime they work 12 and 14 hours per day and in the wintertime 10 hours per day. Necessities! So this packer says that they spend so much for luxuries that they have nothing left for necessities. I hold it to be true that the best things we can do for all of our people, whether they work in the mines or in the textile factory or on a farm, is to give them sufficient income so that they can live in comfort and culture and have the beautiful things and good schools and good churches and good homes and all of the other things that twentieth century civilization calls for. There is no reason why a farmer should not have an automobile. If there is any one man on earth who ought to have an automobile it is the farmer. I do not have one here in Washington and do not have to have one. I can take the street cars and the taxis, but the farmer is so isolated that he must have and use one. His wife and family should have schooling and churches and fine things that make for culture and for decent living. I am willing to go with the textile boys. I want their workmen to have the same kind of treatment. I want the boys who work in the mines to have the same kind of treatment, but the farmers have not yet had it.

There are too many folks who are like the man who wrote this letter, who think the farmers ought to limit themselves to necessities—no silk dress for the farmer's wife, no automobile for the farmer, a crust of bread and a bone is enough, existence only. That is where a lot of opposition to this bill arises.

I cannot dwell on that. I have only 15 minutes. There has been too much interference with the farmer. He is interfered with by the grain importations. We ought to give him the American market. We ought to prevent blackstrap and tapioca coming in from foreign fields, so that the farmer would have a right to that market. The farmers have been compelled to compete with Government agencies. For example, there are the reclamation projects. The Government is paying for them. If the Government would set up a Government textile factory and start the manufacture of textiles, what would the boys in the East and the South say to that? But that is exactly what the Government is doing with the farmer. Then there is the spread between price of agricultural products as sold by the farmer and as paid for by the consumer. It is entirely too much. One could make an oration on that for hours. I went down here the other day and saw potatoes au grautin at 40 cents a service. The trouble with the farmers is that they cannot raise potatoes "au grautin" and get \$50 to \$100 a bushel for them. If we could regulate these things so as to give them a proper and decent percentage of the price the consumer pays, the farmer would be much better off; and possibly we would not have to put into force these positive ways of assuring them a parity price and of assuring the cost of production for the things that society gets from them. No man has a right to eat the bread they produce without paying for its cost. No group has a right to mooch upon some other group.

Gentlemen yesterday talked about parity. The gentleman from Chicago [Mr. BEAM], able as he is, told you that farm



prices had doubled. Yes. What does that mean? Double zero, and what do you get? Double corn at 10 cents, and what does that mean? Twenty cents. Yes; corn has doubled. Wheat at 30 cents. Double that. Sixty cents for wheat. Yes; wheat has doubled; but, Mr. Chairman, when you get down to the actual proposition in hand, you will find that everything that the farmer buys has quadrupled, so that today the official figures, without dispute, show something that the gentleman did not say yesterday. Why do not they tell the whole truth? A half truth is as deceptive sometimes as a fraudulent statement.

They ought to be fair about it. The farmer's price has not come yet to parity. He is now, this day, carrying a heavy burden in the economic race with other business men.

How can he compete that way? How can I succeed in a race with you if a 15-pound ball is chained to my feet? The bill has not been in operation above 2 years. Farm commodity prices have improved because there has been a devaluation in the dollar, but the principal thing that has made the approach toward parity is because there has been an unprecedented drought. The crop was cut short, so that you get a good price for corn if you have any, but you do not have any. When you talk about the rise in the price of corn, you are talking about a bushel of corn that the farmer does not have.

Mr. HOPE. Will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. HOPE. In other words, the parity in price does not necessarily mean parity in income?

Mr. GILCHRIST. No; nor in prosperity.

I do not know of a single farmer that would not be willing to give the boys in the industrial field prices that will put them up to parity. Since I have been in Congress I have voted for every one of these things that would return good income and wages to workingmen.

Now the time has come for you to understand this bill—not H. R. 5585 under discussion a few months ago, which the Committee refused to put on passage.

There has been a great deal of misinformation and misunderstanding in describing this bill. I have letters from men in which they said that it will put a processing tax on every product the farmer raises. That is not so. This does not put a processing tax on a single article that did not heretofore have a processing tax on it or was not subject heretofore to such a tax. This bill does not increase processing taxes upon anything. It adds no new taxes. Why not be fair about it?

A certain chamber of commerce said that the bill took away every semblance of human rights. The bill does not do anything of the kind. As now written, it simply adds a few regulations to cover certain products such as milk and a few of what they call "specialty products", which experience has shown is necessary, in order to do what? Why, in order to give the farmer an honest price and a decent living.

Mr. Chairman, at Springfield, Ill., last week there was a gathering of folks who called themselves "Grass Root" Republicans. At that meeting Governor Lowden was the principal speaker. Governor Lowden is an Iowa boy, born in a little village in Iowa. His father was a blacksmith. He went forth into the world from a humble home and became the Governor of a great State. He is revered and loved by hundreds of thousands of farmers and of Republicans. He made a speech in 1926, and I will just quote one sentence from the speech on account of my short time.

Under present conditions we have this anomaly: The farmer is not nearly so likely to suffer from a short crop as from a bumper crop.

He wrote an article published in the *World's Work*, and another one for the *Review of Reviews*, in which he said—

The CHAIRMAN. The time of the gentleman from Iowa [Mr. GILCHRIST] has expired.

Mr. HOPE. Mr. Chairman, I yield the gentleman from Iowa 3 additional minutes.

Mr. GILCHRIST. I will not continue to read the quotation, but I will put it in my extension of remarks. That is the theory that Governor Lowden has had during these

years. That is the theory of this bill and of the A. A. A. It is the theory of Henry Wallace, another great Iowa product. God Almighty has had a great deal to do with raising farm commodity prices because of the drought that has existed, but I think the Agricultural Act has had something to do with it also. Furthermore, Governor Lowden at that convention last week said:

So long as we have a protective tariff for the benefit of industry we must give agriculture a corresponding benefit for that portion of the product of the soil which goes into domestic consumption.

And this bill is for the purpose of giving a corresponding benefit to agriculture.

I stand for those things. It is good Republicanism. It is espoused by such men as Governor Lowden and other Republicans, and it is not partisan. I think everyone on the Republican side of this committee is going to vote for this bill. I think all the Democratic Members, except possibly one, will vote for it also. There is absolutely no partisanship in this bill. It will help to restore farm prices, and until this is done there will be no prosperity for anyone.

I cannot close without paying my small tribute to the Chairman of this great Committee on Agriculture. Splendid as he is in character, intelligence, and ability, it is a pleasure to work under him as we have done for the last 4 months. It is also a pleasure to work with my colleague, the leader on the Republican side of that committee, Mr. HOPE, of Kansas. There are just two men in this Congress who know all about agricultural legislation and agricultural regulations, and if I had to tell you their names, one of them would be MARVIN JONES, of Texas, and the other would be CLIFFORD HOPE, of Kansas. [Applause.]

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from Alabama [Mr. STARNES].

Mr. STARNES. Mr. Chairman, we have before us one of the most important measures that this House has been called upon to consider at this session of Congress. I think that our able chairman and the members of that committee are to be congratulated on the unremitting toil and effort they have put forth in order to bring to us this perfected bill.

There have been voices raised in criticism of this measure. This measure seeks to do simple, elemental justice to the greatest consuming group in American life today, the American farmer. Those voices come from a section which has long prospered at the expense of the farmers of this Nation and other sections of this country. We should either have a tariff for all or a tariff for none. That is the real battle cry of the American farmer today. For more than a century in the history of this country the American farmer has paid tribute to a certain section of this country in the form of a tariff, and it is nothing more, as I stated in the beginning, than simple, elemental justice that the farmers should receive just recognition at this late hour. If we destroy the processing tax feature of this measure we destroy the heart of the measure.

What does the farmer seek at our hands? He is not coming here asking for any special privileges. No high-powered or highly paid propagandists have been raising their voices in behalf of the farmer, but we are merely giving to the farmers of this country justice so long delayed. We must restore the prosperity of the farmer before we can restore the prosperity of this Nation.

What has the A. A. A. done? Let us speak of terms of benefit when we speak of legislation. We have been accused of passing destructive legislation. We have been accused of attempting to pass legislation which would destroy the initiative of the American citizen, which would destroy individualism, which tended toward collectivism and communism; but this measure gives to the greatest single group in this country an opportunity to live and to live decently. The farmer asks for no special favor at your hands and mine. He simply asks for a square deal. He seeks not special privileges. He does not want a dole, and he resents the idea of charity. All he asks is that he be placed on a parity with



industry and other organized groups in this country who have been able, through organization methods, to get special benefits from this Congress. [Applause.]

The administration of the A. A. A. has been of untold benefit to the farmer. It has sought to balance production with demand. It has revived a prostrate agriculture and breathed the hope of life in the hearts of millions of our people. The following statistics will show the financial benefits to the Nation by reason of the operation of the principles of the A. A. A., to wit:

1. Farm cash income:	
1932.....	\$4,328,000,000
1933.....	\$5,051,000,000
1934.....	\$6,100,000,000
2. Percent increase in cash income, 1934 over 1932.....	41
3. Percentage of rental and benefit payments to farm cash income:	
1933.....	2.6
1934.....	7.3
4. Index of average farm prices (pre-war 100):	
In December 1933.....	78
In December 1934.....	101
5. Percent farm prices were of parity:	
December 1933.....	67
December 1934.....	80
6. Number of production control contracts in effect:	
At close of 1933.....	1,925,000
At close of 1934.....	3,699,000
7. Percent of total farm cash income in 1933 contributed by commodities now covered by production-control programs.....	49.9
8. Number of marketing agreements and licenses in effect:	
At close of 1933.....	60
At close of 1934.....	107

The farmer is told by the industrialists that by subscribing to the principles of the A. A. A. he is losing his initiative, individualism, and his constitutional liberty. The industrialist argues that the farmer should be permitted to work as many hours per day and night as he desires, to produce in unlimited quantities, and to sell in an open and unprotected market. He is willing for the farmer to produce and sell cotton at 5 cents per pound, corn at 25 cents per bushel, wheat at 33 cents per bushel, and hogs and livestock at a price below the price of production. Strange to relate, the industrialist does not practice the theory and doctrine he asks the farmer to accept. Some figures with reference to this phase of the problem will prove illuminating. The volume of farm production in 1934 was only 15 percent below that of 1929. By contrast, the volume of industrial production in 1934 was 42 percent below that of 1929. Industrial prices received the support of a greater curtailment of production than did agricultural prices. While prices of industrial products declined 14 percent, farm prices declined 40 percent.

The effect of increasing the farm cash income since 1932 has been to increase retail and wholesale trade. A study made in 10 Southeastern States showed that shipments of industrial goods from 16 Northeastern States had increased 38.8 percent during the year ending June 30, 1934, as compared with the year ending June 30, 1933.

The effect of the increase in farm cash income has enabled the farmer to pay his debts, save his farm, buy necessities for his family, and to indulge in the fond hope that his years of unremitting toil will be rewarded by raising the social and economic standards of his family life.

Let us pass this measure for the benefit of those who have toiled through the years without asking special favors at our hands. They have shown a wonderful spirit of cooperation. During the past year they have expressed their sentiments toward this measure by cooperating with the program of the Department of Agriculture and by their votes on the question of continuing the policies of the A. A. A. They ask no more of us than to give this program an opportunity to function. We can do no less. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama [Mr. STARNES] has expired.

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Chairman, since I have been a Member of this House I have supported almost every bill

that has come before the House which had for its purpose relief for agriculture. I represent a constituency that has few, if any farms. My objection to this particular bill, however, is the continuation of that vicious, un-American, and discriminatory processing tax, because I believe it is nothing but what its name implies, the process of making the underpaid worker and underpaid consumer of the cities provide the funds to enable the farmer to get out of the depression caused by the concentration of wealth in the hands of the few. My personal opinion is that most of this money from the processing tax does not go to create more purchasing power among the farmers, but it goes to the bankers who hold the mortgages and charge the farmers the high interest upon their loans made on agricultural lands in the good years. Processing taxes, parity prices, and a lot of the other buncombe will not help the farmer until his debt burden is scaled down and refinanced.

The Frazier-Lemke bill, in my opinion, was a practical way by which the farmer could be brought back to his own, in this country. That bill provided for the refinancing and reorganizing of the capital structure of the farms in much the same way that big business is refinancing its debts under the Bankruptcy Act. Mr. Wallace let the cat out of the bag as to the real, underlying purpose of this processing tax, when in his remarks before the committee, he said that the processing tax would be figured high enough to make the parity price include the mortgage and the interest charges that the farmer has to pay to his overlords and overseers, the bankers.

I submit, Mr. Chairman, it is unfair for us to pass legislation which compels the poor of the cities to help the poor of the farms—the blind to lead the blind. It is absolutely unfair to dip into the almost empty pockets of the people of the city for a processing tax to help the farmer to get prices sufficiently high to pay the unequal tribute to the bankers that now makes farming unprofitable. Through the processing taxes the consumer is taxed to pay the farmer a bonus to enable the farmer to raise less to charge the consumer more! If this is not the most illogical, asinine, and cockeyed plan that could be conceived, I am unable to reason. I wonder how many of the farmers who have received processing-tax checks have actually been able to buy more than the necessities of life? I have not yet seen a statement from the Department of Agriculture as to how many farmers have been able to reduce the debts upon their farms by reason of these processing taxes.

The theory of the processing tax is that it comes out of the processor. Everybody knows the tax comes from the consumer. For instance, let us take wheat and the finished product produced from wheat, bread, which the poorest citizens of this country, many of them on relief, need as part of their daily diet. Mr. Wallace says a bushel of wheat will produce 40 loaves of bread. If he is no better at baking bread than this statement would indicate, it would seem that it were better for him to farm the farmers of America than to engage in the baking business. I have been told by those who ought to know, that with 58 pounds of flour to a bushel of wheat, approximately 67½ loaves of bread can be produced from that bushel. I refer to the common chain store bakery kind of bread and not the kind they tell us mother used to make. This being the case, it does not take much of a mathematician to figure that with a process tax of 30 cents a bushel on wheat and the market price of 35 cents a bushel, that the processing tax plus the market price makes 65 cents, or 1 cent additional per loaf of bread cost to the consumer. But the price of bread since these processing taxes were levied, has increased approximately 2 cents a loaf. This means that the consumer of bread, be he on relief where one loaf of bread can mean the difference between an empty stomach and a full one, or be he a small wage earner with little enough with which to support his family, has to pay this increase of nearly 2 cents per loaf of bread. This means that the processing tax has cost the consumer of the finished product of wheat, approximately \$1.37 per bushel more when he gets that bushel in loaves of bread than it did before this tax levy. Thus the consumers of the



country are paying the chain stores or the bakeries or somebody else, even 1 cent extra for each 1-cent collection by the processing tax supposedly finding its way into the pocket of the farmer. Thus, in addition to being a levy to supposedly help the farmer, the process tax becomes a disguise and an excuse for more price gouging from the consumer.

Pursuing this line of thought, if the farmer bought bread on the market he would pay out in increased cost to the processor and the seller of bread the 1 cent that he gets under the guise of a processing tax.

I am perfectly willing to vote again for a bill like the Frazier-Lemke bill which has for its purpose a refinancing and reduction of farm mortgage charges, but I object to a policy that makes one group of the masses of this country reach into the pockets of another underpaid and hungry group to help bring the agriculture out of a financially rigged and Wall Street conducted depression.

Mr. Chester Davis, in an article in yesterday's paper, had this to say about the lack of any need for more processing taxes on the food and clothing of America's "still forgotten" masses:

DAVIS, OF A. A. A., GIVES HIS ANNUAL REPORT

A. A. A. Administrator C. C. Davis reported today on his organization's 1934 activities and dedicated it to a policy of "controlled expansion, in step with increasing domestic and foreign demand."

He said it was up to industry to produce further improvement in farm income.

"Since the agricultural price level is now being largely supported by shortages due to an unprecedented drought, it is doubtful whether further increases in agricultural prices would be practical at present", Davis wrote.

"Improvement in the exchange value of agricultural for industrial products can be accomplished, then, either through lowering industrial prices and costs or through such a rise in city buying power as would support an increase in farm prices and in the farmer's share of the national income."

I submit that if you pass this bill every Member who represents a city will find it costly, for the one thing their constituents will remember is that it reaches into the pockets of these underpaid and unemployed citizens for their few remaining pennies.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. O'MALLEY. I yield.

Mr. HOEPEL. The best way to get this money would be by a general tax levy, instead of taxing the unemployed, as happens in the processing-tax procedure.

Mr. O'MALLEY. I propose to offer an amendment when the bill is read under the 5-minute rule, so that the consumers of the city will know just how much this "poor-help-the-poor" program of farm relief we have had for 2 years is costing them. I will propose that each processed article bear a tag showing just what the processing tax on the article amounts to. Then we shall know whether or not the consumers are footing the whole bill, when the bankers who hold the farmers in bondage to huge mortgage and interest payments should be the ones to pay for the farmers' recovery.

Mr. PIERCE. The facts of the case are that the farmer gets but one-half a cent out of each dollar of increase.

Mr. O'MALLEY. It is time the consumers knew what was being done in the name of the processing tax, and not compel them to be the goats for an atheistic, unsound, and suicidal plan that literally flies in the face of the Creator by paying money to destroy the bounty which His benign hand has lavished upon America, the favored of all nations under His firmament.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I would like to ask the chairman of the committee a question for the purpose of getting information with regard to the processing tax.

Mr. JONES. Mr. Chairman, I have promised all my time. If later I find I have any time remaining, I shall be glad to yield to the gentleman.

Mr. RICH. I am sorry the gentleman cannot yield.

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. LEA].

Mr. LEA of California. Mr. Chairman, I am in sympathy with the general purposes of this bill. I make no criticism

of the committee members. I realize they have worked faithfully and deserve the commendation of the Membership of this House.

I believe, however, that certain provisions of the bill in an important respect deserve criticism.

My particular criticism is directed at the nonbasic commodities provisions of the bill.

The provisions relating to these commodities prescribe no uniform system by which the farmers of the country on an equal basis may receive the benefits of this bill. Instead of providing a common standard under which the growers of any products may qualify for the benefits under this bill the committee have designated certain specific products and excluded all others.

This method of procedure has eliminated from the benefits of this bill certain important products which were operating under marketing agreements in 1934. Canned cherries, peaches, olives, and asparagus, all heretofore under marketing agreements, are excluded from benefits under this bill. For instance, in 1933 and 1934, in my own State cling peaches were handled under a marketing agreement to the advantage of the industry. They are eliminated from the benefits of this bill. Cling peaches are of no particular value except for canning so the whole cling-peach industry is excluded without any just reason. All canned fruit is eliminated.

The California Legislature at a recent session by act provided for the State to cooperate with the Federal Government in carrying out marketing agreements. That act provided that all the farmers of our State on showing the approval of a sufficient majority of the producers of any one product would be entitled to the benefits of the act. All agricultural products were intended to be placed on an equality and have an equal opportunity to come into the program.

The bill before the House plays favorites. Those favored cooperate to exclude other producers. Congress selects the particular products that may get the benefits. The others go without this aid. If this plan of aiding agriculture is just and practical, it should be applied to all the farmers of the country on equal terms. New products are brought in while old ones, without reason, are excluded. The right to participate in a recovery plan should not be made a special privilege without just discrimination. No congressional committee should deny to any particular class of farmers the benefits of this plan when they are able and willing to meet the just requirements for such participation. The result is that certain products that have overwhelming majorities in favor of marketing agreements in our State are denied any benefits under this bill or any right to be even considered.

This is true of hops. Practically all the hops in the United States are produced in the three Pacific Coast States. These producers recently voted by a very large majority in favor of a marketing agreement. This act denies the hop producers any opportunity to receive the benefits of the act.

I am hoping that before this bill finally becomes a law changes will be made which will give the farmers an equal opportunity when they demonstrate sufficient approval to have the benefits of this bill.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield myself 1 minute to answer a question which the gentleman from Pennsylvania desires to ask.

Mr. RICH. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Pennsylvania.

Mr. RICH. I would like to ask the chairman of the committee a question which I have asked a number of the speakers, but I have received a different opinion from different individuals in the House. Under this bill, H. R. 8492, is the Secretary of Agriculture permitted to levy processing taxes the same as under the A. A. A.?

Mr. JONES. He is permitted to levy processing taxes. We have made some changes in order to assure that there is no taxing power delegated. We make more certain, insofar as it is possible to do so, the exact conditions under which the processing fee will be levied. Then he is given the power to vary those taxes, and given other methods that may be used in addition.



Mr. RICH. Then the Secretary of Agriculture will have the power to regulate these taxes up or down as he may determine?

Mr. JONES. There is a provision herein which will permit him to do that under certain very restricted conditions.

Mr. RICH. Is he permitted under this bill to add any other commodities than those stipulated under the new A. A. A. amendment?

Mr. JONES. No; not so far as processing taxes are concerned.

Mr. GIFFORD. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. On page 47, it seems that refunds and credits are to be allowed in the future when the processor swears that he did not get the money from the vendee. I would like to have the gentleman explain that provision, if he will.

Mr. JONES. In an effort to recover processing fees, where there is a refund, except in case of overpayment or duplicate payment, before the processor is permitted to recover he would be required to show that he did not pass it on to the consumer.

Mr. GIFFORD. Suppose he did not pass it on?

Mr. JONES. He would be permitted to show that fact. [Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield myself 12 minutes.

Mr. JONES. Mr. Chairman, I yield the gentleman from Kansas [Mr. HOPE] 5 minutes also.

Mr. HOPE. Mr. Chairman, may I join in the tribute which other members of the committee have already paid our chairman? We all appreciate the patience with which he has listened to the suggestions of the various members of the committee, the courtesy he has shown us at all times, and the leadership that he has exhibited in making this bill, I believe, the most important bill that the Committee on Agriculture has reported to the House.

Before I go into a discussion of the provisions of the bill itself, I want to take a few moments to reply to the attacks made on the processing tax this morning by the gentleman from Wisconsin and by the gentleman from Massachusetts [Mr. GIFFORD] on yesterday. I appreciate the statement of the gentleman from Massachusetts with reference to his interest in farm prosperity, and I have no reason to doubt that at all. I note his suggestion that he and his constituents are not opposing benefit payments to the farmers, but that they do oppose making those payments from the proceeds of a processing tax. I note his suggestion also that we do away with processing taxes and make benefit payments out of the Federal Treasury.

Mr. GIFFORD. Only on one commodity. Please do not forget that.

Mr. HOPE. The gentleman corrects me by saying that is only on one commodity. I presume that is cotton.

That proposal is, in my opinion, both unfair and illogical. The gentleman admits by his statement that the farmers of this country are not receiving a fair price for their products and that, I submit, is the only reason why any benefit payments should be made to the farmers, because if they are receiving a fair price they are not entitled to anything further. If they are not getting a fair price it is because the consumers of those products are not paying a fair price.

The most practical way to insure that the consumers of these products will pay a fair price—at least, the most practical way that has been devised so far—is to apply the processing tax to make up the difference between the going farm price and the fair exchange value. That is what has been done in applying the processing tax. If we should follow the plan suggested by the gentleman from Massachusetts and make benefit payments out of the Federal Treasury, we would in effect say to the consumers of farm products, "We are going to let you have these products for less than a fair price, less than you ought to pay for them, and we are going to tax future generations in order to give you this subsidy." That is exactly what we would do if we

adopted the plan suggested by the gentleman from Massachusetts.

Mr. GIFFORD. Will the gentleman yield for just one question?

Mr. HOPE. Yes; I yield for a brief question.

Mr. GIFFORD. Speaking of taking money from the General Treasury, does not your exportable feature in this measure, where you take \$100,000,000 from the customs, take money out of the General Treasury?

Mr. HOPE. I understood the gentleman to say he had no objection to that.

Mr. GIFFORD. I do not; but it applies just the same to the other method.

Mr. HOPE. It is used primarily, of course, as the gentleman understands, for another purpose, and I propose later to discuss that feature so far as that is concerned; but I do not want to be diverted now.

Whether the gentleman from Massachusetts agrees to it or not, the fact is the processing tax is the farmer's tariff. The prices of agricultural commodities of which we have an exportable surplus are fixed in the world market. There are times and conditions under which tariffs are effective upon these commodities. In general, however, they are largely ineffective. This means that producers of those commodities must buy on a protective market and sell on a world market. The processing tax is the one method which has been devised thus far to give producers of these commodities a price commensurate with the general price structure of the country. Every argument which can be made for a protective tariff can be made for processing taxes. The theory justifying each is the same, and I predict that in the future the two will stand or fall together. This is inevitable because the farmer, whose prices are fixed in world markets, cannot continue to buy in a protected market. Either the tariff will have to come off or a compensating benefit in the form of a processing tax will have to continue.

I want to call the attention of the gentleman from Massachusetts and other members of my own party to the recognition of this principle, which was contained in the resolutions adopted at the recent "grass roots" Republican convention, in part as follows:

We hold that no economic advantage of agriculture thus far attained shall be ended. The farmer is of right entitled to a fair and proportionate part of the national income, and to receive a parity price for the products of his farm in domestic markets.

And, continuing, it is stated:

We endorse the statement of Governor Lowden in this conference that so long as we have a protective tariff for the benefit of industry we should give to agriculture corresponding benefits for that portion of the production of the soil which goes into domestic consumption.

That is exactly what the processing-tax program does. This principle has been supported by Republicans in the Middle West ever since the days of the first McNary-Haugen bill. We will continue to support it, and I do not believe that I am speaking out of turn when I say that unless the tariff-protected industries of the East are willing to afford that measure of protection to agriculture then we of the West cannot be expected to continue to support high tariffs for industrial products.

Now, Mr. Chairman, before discussing the details of this measure, I wish for a moment to say something about the agricultural situation as it exists at this time.

Mr. RICH. Will the gentleman yield for a question?

Mr. HOPE. Yes.

Mr. RICH. In speaking of the tariff for industry and the tariff for agriculture as exemplified in the processing tax, the tariff for industry is a prohibition on the import of commodities from foreign countries. Is that applicable in the same manner to agricultural products, as was stated by the gentleman a few moments ago?

Mr. HOPE. The gentleman has a different idea of the tariff than I have if he thinks a tariff prohibits imports from other countries. The gentleman evidently means an embargo. The tariff provides for a compensating duty on products which come in from other countries, in order to equalize



the difference in the cost of production here and abroad, and that in effect is what the processing tax does.

Mr. FOCHT. Mr. Chairman, will the gentleman yield for just a short question?

Mr. HOPE. Just briefly; yes.

Mr. FOCHT. The gentleman has been speaking about this new tariff he is going to have for agriculture. What about the tariff we have always had for agriculture? From a blade of grass to the biggest steer or mule raised on a farm we have had protection. What are you talking about when you refer to another tariff? Does the gentleman want two tariffs? This is a plain question.

Mr. HOPE. All right, I will answer it in a plain way.

Mr. FOCHT. All right.

Mr. HOPE. I will say that tariffs are usually not effective as to agricultural commodities which are on an export basis, at least, not fully effective. The reason for this is that the price of these commodities is made in the world market. It is based upon the export price, and as long as we are on an exportable basis we take the world price. The only way you can give the farmer a domestic price is to do it by the method we have adopted in applying the processing tax. This, of course, does not apply to all agricultural products. On some of them, such as dairy products, where we are on an import basis, tariffs are effective in increasing price.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield to allow me to clear that question with a short statement? The processing tax on wheat, for instance, would have to be immensely larger if we did not retain the tariff of 42 cents a bushel on wheat.

Mr. HOPE. It is true that during recent months—

Mr. GIFFORD. You must have that tariff of 42 cents just the same.

Mr. HOPE. Not necessarily. It is true that during recent months the tariff has been partly effective on wheat because of the fact we have had a great drought and a shortage. We have had three short wheat crops in this country; but ordinarily, when we are on an exportable basis, the price in this country is the world price less transportation charges.

Mr. GIFFORD. If you did not have the 42-cent tariff now, you would have plenty of foreign wheat coming into this country.

Mr. HOPE. If we did not have the 42-cent tariff, the processing tax would be higher at present.

Mr. GIFFORD. Very much higher.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. JONES. Mr. Chairman, I yield to the gentleman from Kansas 5 minutes more.

Mr. HOPE. Now, Mr. Chairman, I want to say a word about the agricultural situation at this time, because I believe that is important in considering what this measure is expected to do.

In the first place it has immeasurably improved as compared with 2 years ago. Some commodities, notably corn and tobacco, have reached a parity price. Others have approached it more nearly than for several years. Surpluses of cotton and wheat have been greatly reduced. The excess of meat animals has been reduced. Several causes have contributed to this—the drought, the adjustment program, the devaluation of the dollar, and commodity loans have all played a part. Some commodities have been affected by all of these factors, others by only a part of them. Aside from whatever price enhancement may have come from dollar devaluation to crops, the price of which is fixed in world market, the chief reason for the better position in which agriculture finds itself is that burdensome surpluses have been removed, and there has been a better adjustment between supply and demand. This means, therefore, that whatever improvement has been made is likely to be lost unless efforts to balance supply and demand are continued. In other words, if we should plant the same number of acres as our average from 1926 to 1932, should harvest therefrom a normal crop, and were not able to develop new markets, we would in another year—certainly 2 years—approach the same condition which existed in 1931 and 1932 as far as agricultural

prices are concerned. This makes it essential that the adjustment program be continued. By that I mean that the American farmer must continue to hold his production to a point where it will not result in a buyers' market like we had during the first 3 years of the depression.

I have no patience with those who call a course of this kind a program of scarcity, with the implication that farmers are interested in creating a shortage of food supplies to the detriment of the consumer's stomach and pocketbook. It is true that after having long been the victim of a policy of this kind on the part of industry, farmers might be justified in retorting in kind, yet I do not know of a single farmer or responsible spokesman for farmers who advocates a policy of that kind. Why, today, even after the most devastating drought in our history, and with the adjustment program in effect for 2 years, we have ample supplies of all food commodities, and in some cases a much heavier carry-over than in any predepression year. Our wheat carry-over this year will be between one hundred and sixty and one hundred and seventy million bushels, whereas the average for the years 1920 to 1930 was 120,000,000 bushels. The carry-over of American cotton on August 1 will be at least 8,000,000 bales. In spite of the Government cattle purchases there are more cattle in the country now than in 1928, and yet no one ever suggested a shortage at that time. There are ample supplies of beef, pork, and dairy products. In fact, it is impossible to name any agricultural commodity in which there is an actual or potential shortage at this time. Rather than being a program of scarcity, the plan now in effect is one of plentiful supplies at fair prices. The farmer is asking for no more; the consumer is entitled to no more.

The philosophy of this measure recognizes the necessity for continuing a program of adjustment, but at the same time sets up machinery by which advantage can be taken without injuring domestic price of any export demand which may be developed. It is a fair statement, I think, to say that this bill embodies in principle the equalization fee, the export debenture, and the domestic allotment plans. There is no inconsistency in this, because the basic principle of all three is that of giving the farmer a price for that part of his product which is consumed domestically which is on a par with the price of the things he buys, with a world price for any exportable surplus. It is true that the domestic allotment plan provides for a better control of production, and to that extent is generally preferable in the existing situation. However, it is thought that conditions may make it advisable on occasion to use either or both of the other methods and they are in the bill to be used if needed.

The provision in the bill which, in effect, makes the McNary-Haugen equalization-fee plan in order is that which authorizes the use of processing taxes for the exportation of basic agricultural commodities. The export debenture plan is contained in the provision which authorizes the appropriation of 30 percent of the customs receipts each year for the purpose, among others, of financing exports.

Frankly, I am not so enthusiastic about the equalization-fee and the export-debenture features of this bill as some. I am glad they are in the bill. I hope they can be used to build up our foreign trade in agricultural products. However, these provisions in themselves will not open up any markets. The matter of price is not the fundamental reason our foreign trade in agricultural products has dropped so materially. The real reasons are our inability or disinclination to take exports from countries which would buy our products and the instability of currency which has disrupted all world trade.

Our situation now is not materially different from what it has been since we became a creditor nation during the war, except that until 1929 we loaned enough money abroad to enable importing nations to buy our surplus agricultural commodities. When the loans stopped our trade began declining and has continued to decline ever since. I think the provisions in the bill making funds available to overcome what price obstacles there may be in connection with exports of agricultural products will be helpful in special cases, but



I do not expect to see any great increase in agricultural exports until world currencies are stabilized, and until we are willing to accept imports from the countries which can use our agricultural products.

Generally speaking, the provisions of the bill may be divided into five main parts. The first deals with changes in the law affecting those basic commodities on which programs are now in effect, involving the payment of benefits to producers in connection with adjustment programs.

The second deals with the matter of orders covering certain specified commodities which cannot be included in the benefit payment plan or in which it is felt that it is necessary to supplement the benefit payment plan through the use of orders.

The third deals with the new provision authorizing the appropriation of 30 percent of the customs receipts for the development of foreign markets, together with other agricultural purposes and the use of processing taxes under certain conditions to promote the exportation of agricultural commodities.

The fourth is the provision which gives the President authority to impose compensating taxes or quotas on imports which are rendering ineffective or which materially interfere with the agricultural adjustment program.

The fifth deals with the imposition and collection of processing taxes.

I do not mean to imply that all of the provisions of this bill can be grouped under the five heads above mentioned, but these five subdivisions do embrace the more important features.

The most important provisions of the bill, as they relate to the programs involving benefit payments, are those which make this specifically an adjustment rather than a reduction program. It is not necessarily a change in policy, because the title of the original act indicates that an adjustment program was to be undertaken. However, the provisions in that act for the payment of benefits contemplated their payment only in return for crop reductions. The amendments contained in this bill provide that payments may be made for crop adjustments. Another feature contained in this part of the measure is the provision whereby benefit payments may, at the option of the producer, be made in commodities rather than in cash, specific provisions of the amendment, however, requiring that payment only be made in the commodity with respect to which the payment is being made.

Closely connected with this feature is the ever normal granary plan which authorizes the Government to acquire from the proceeds of processing taxes agricultural commodities which have been pledged as security for Government loans and to use the same in making payments in kind rather than in cash to producers who have cooperated in the program in question. It is the thought that through the use of this plan it may be possible to prevent violent fluctuations in prices due to excessively large or small crops and maintain for the benefit of consumers adequate reserves of agricultural commodities from year to year.

By reason of the decision in the Schechter case it has been felt advisable to rewrite the provisions of the original Agricultural Adjustment Act which gave the Secretary of Agriculture the right to make rental and benefit payments. The new language makes provision for findings by the Secretary upon which the determination to make rental or benefit payments may be based and specifies what the Secretary must find in order to put those payments into effect. In other words, the delegation of power to the Secretary is specifically set out and the basis which he must use in making his findings is written in the act. It is also specified that benefit payments must be terminated when the Secretary makes certain other findings in the exercise of the power conferred on him in the bill.

Of importance also is the provision to the effect that in determining parity prices in the case of all commodities for which the pre-war period is used as a basis, that account must be taken of the difference in interest payments and tax payments per acre on farm real estate between the base period and the present. It is estimated that at the present

time taxes and interest payments per acre are approximately 160 percent or 170 percent of the pre-war level. Such items are an important part of the cost of farm operations and their inclusion in the matter of determining parity prices afford a much fairer basis for the same.

There are certain very important agricultural commodities upon which it is not possible to put into effect plans involving benefit payments to producers. The most important of these commodities are milk and fruits and vegetables. Under the provisions of the original Agricultural Adjustment Act, attempts have been made to handle these commodities by means of marketing agreements. In some cases these efforts have been quite successful, particularly as to some fruits and vegetables. In the case of milk the efforts have been successful only in part. As a matter of fact, the milk situation is the most aggravated in the agricultural picture today. This is particularly true in the large milksheds, every one of which seems to have a different problem to meet. The great difficulty in most cases is that the distribution of milk in these areas is under what amounts to monopolistic control and the dealers have apparently been able to force the producer to take any price which they care to pay. This has been brought out very clearly as a result of the investigation which the Federal Trade Commission has made in some of the larger milk sheds of the country. Inasmuch as the dairy industry is the largest single branch of agricultural production and includes more farmers than any other, it is important that everything possible be done to relieve the distress which now exists.

The decision of the United States Supreme Court in the Schechter case makes it necessary to entirely rewrite those provisions of the original Agricultural Adjustment Act relating to marketing agreements and licenses in order to meet the constitutional questions raised by that decision. To this end the power of the Secretary in such matters is limited to the power of the Federal Government over interstate commerce as stated by the Court in the Schechter and similar cases. The transactions affected are by the terms of the bill confined to agricultural commodities or products thereof in the current of interstate or foreign commerce, or which directly burdens, obstructs, or affects interstate or foreign commerce. Likewise, in conformity with the decision, the powers which are granted the Secretary are specifically set out in the bill itself. Also, in order to more nearly express the character of the regulations made by the Secretary, they are in this measure called "orders" instead of licenses. I know no one who is familiar with the nature of these regulations who will not agree that this is a more accurate term. The commodities embraced in the marketing agreements and orders section are limited to the following, and with the exception of naval stores, extend to the products thereof: Milk, fruits—including pecans and walnuts, but not including apples and not including fruits for canning—tobacco, vegetables—including soybeans but not including vegetables for canning—and naval stores. As to milk and its products, there are certain specific provisions set out which the Secretary may include in his orders and he is given no authority to include provisions other than those set out. As to the other commodities mentioned, the Secretary is specifically limited by the legislation as to the nature of the orders which may be made. It is further provided that orders may not be issued except under certain conditions, and in the case of the so-called "imposed orders" the Secretary must find that the orders are approved or favored by at least two-thirds of the producers of the commodity in the area affected. Furthermore, no producer as such can be made subject to an order and no retailer, excepting retailers of milk and its products.

#### FUNDS FOR ENCOURAGING EXPORTS OF AGRICULTURAL PRODUCTS

Reference has already been made to the provisions contained in the bill setting aside 30 percent of the customs receipts each year to be used among other things to bring about the exportation of agricultural commodities. In this connection there should also be mentioned the provision whereby the proceeds of processing taxes may be used for the same purpose. In addition to encouraging the exporta-



tion of major agricultural commodities, the proceeds of the 30-percent fund may be used to encourage the domestic consumption of such commodities, for the purchase or lease of submarginal and grazing land, and to finance adjustments in the quantity planted or produced for market of agricultural commodities. It is specifically provided, however, that funds shall not be used for the last two purposes unless the Secretary finds that it is not necessary to spend such funds in assisting the exportation of major agricultural commodities or encouraging the domestic consumption of such commodities. It is felt that this provision, together with that which makes it possible to use processing-tax funds for the same purpose, affords ample opportunity to encourage and stimulate exports of agricultural products, so far as the same may be done through removing price differentials.

Under existing conditions, especially with many countries operating under depreciated currencies, it is quite possible for the agricultural program to be seriously affected by imports. For this reason a provision has been placed in the bill by which the President is given power to order an investigation by the Tariff Commission when he has reason to believe that articles are being imported, or are likely to be imported, under such conditions and in quantities to render ineffective or materially interfere with the operation of any program under the Adjustment Act. If, as a result of this investigation, it is found that the importation of the articles in question is having an adverse effect upon an agricultural program, it is within the power of the President to impose compensating taxes or place a quota upon the importation of the articles in question. It is believed that this provision will be very helpful in meeting any emergency which may suddenly arise with respect to imports.

#### TAX PROVISION

This bill makes some very important changes in the provisions for processing taxes. One of the most important is that which provides in the case of all commodities upon which the tax is now in effect, except rice, the tax in effect on June 1, 1935, shall remain in effect until December 31, 1937, and in the case of rice the June 1 rate shall remain in effect until July 31, 1936. This express fixing of the rates by Congress does away with any objection which might be raised on constitutional grounds as to the right of the Secretary to fix the amount of the tax. In order to further meet any objection which might be raised on that ground, it is set out in the bill that the Secretary must make certain findings before any change can be put into effect increasing, decreasing, or removing the tax. Under certain conditions, upon making these findings, the Secretary may vary the rate of tax fixed by this act prior to December 31, 1937, and on and after that time he is authorized to impose new rates of taxes based upon the findings which he makes under the authority given him by this act.

Another important provision is that which states that in determining the rate of the processing tax the Secretary must take into consideration the fact that a portion of the goods normally subject to tax is tax exempt because they are used for charitable distribution or for State institutions. In determining the rate of tax, therefore, the Secretary is instructed to take this fact into consideration and increase the tax in an amount which will make up this deficiency in revenue, such increase, however, being limited to not more than 20 percent.

In the event that any rate of tax fixed by the Secretary under the provisions of this bill should be held to be invalid, the rates of tax which are specifically fixed in the bill are to become effective at once.

Another important provision is that which prohibits the bringing of suits for refunds or credits of any tax heretofore paid. This provision, however, does not apply to certain classes of refunds set out in the act. What is intended, of course, is to prevent the recovery of any tax paid on the ground that the tax is illegal. In the case of taxes of this kind such a provision is entirely justified, because of the fact that the taxes in question have all been passed on to the consumer and the party who nominally made the payment would not be the party in interest in any action to recover.

The bill also contains a provision prohibiting refunds or credits on taxes accruing in the future unless the claimant is able to prove that he has neither passed the tax on, passed it back to the producer, nor that the person actually bearing it has consented in writing to the refund. This bill is one of the most important measures affecting agriculture ever to come before the House. It has been unanimously reported by the Committee on Agriculture after many weeks of careful study. In its present form it is a product of the deliberations of all of the members of the committee and represents a sincere effort to work out a measure which will meet the agricultural problems of today so far as this can be done by legislation. It contains the fruit of the suggestions made by those in charge of the Agricultural Adjustment Administration after 2 years' experience in administering the Agricultural Adjustment Act. It embodies many suggestions made by farmers and farm organizations. It amends and perfects the Agricultural Adjustment Act in the particulars in which experience has shown it to be deficient, and finally it attempts to meet the constitutional questions raised by recent decisions by the Supreme Court. In its present form it is, in the opinion of the committee, in harmony with those decisions. This bill will not meet with the approval of those who are opposed to Government assistance to agriculture. It will not be favored by those who believe in tariff protection for industry but are opposed to compensating benefits to agriculture. It will be opposed by that class of processors of agricultural commodities who are in favor of buying farm commodities as cheaply as possible and selling them at as high prices as the consumer will pay.

The bill is in entire harmony with the present Agricultural Adjustment Act and represents a logical extension of the act looking toward a more permanent program for agriculture. It is in harmony with the efforts for agricultural equality which have been made in the agricultural sections of the country ever since the World War from the original McNary-Haugen bill to the present time. It is in entire harmony with the resolutions relating to agriculture which were adopted at the recent meeting of middle western Republicans at Springfield, Ill. So far as I know, no national farm organization is opposed to the bill, and almost all of them have affirmatively gone on record as favoring it. In my opinion it comes more nearly having the united support of the agricultural interests of the country than any measure ever before Congress. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. LEE].

Mr. LEE of Oklahoma. Mr. Chairman and members of the Committee, in matters of agriculture if the Republican Members of the House would follow the able leadership of men like the gentleman from Kansas [Mr. HOPE] and the gentleman from Ohio [Mr. MARSHALL], they would have a safe agricultural program.

Likewise, if they would follow the leadership of the distinguished chairman of the committee, the gentleman from Texas, Mr. MARVIN JONES, they would pass legislation that is beneficial to agriculture. Mr. JONES and Mr. HOPE represent agricultural districts containing farms and ranches larger than some of the counties of New England.

I wish now to answer the arguments advanced in yesterday's debate by the gentleman from Illinois [Mr. BEAM].

He used indirection and innuendo. The facts and figures that he submitted no doubt are correct, but the whole effect of his speech was to imply that the farmers had received much greater benefits at the hands of the Government than they have, and not only to imply but to state that the benefits to agriculture have been at the expense of business. Let me give you the gentleman's words as found in the RECORD, on page 9474, of June 17, 1935, where he said:

I sometimes wonder, "Are we saddling upon the business of the Nation too great a load and too heavy an obligation?"

Then he enumerated the different bills that have been proposed for agricultural relief. Now, mark you, these bills have merely been proposed, have not become law, but he



enumerates them, and totals up the amounts in the respective bills, leaving the impression that the farmer is the recipient of this grand total of proposed appropriations.

Then, further, he totals up the bills, including the amounts of money that have been authorized to be appropriated for loans to the farmers on their grain, livestock, and land, as though that, too, would be "saddled upon the business of the Nation."

In other words, the gentleman has said to the House that if the farmer had all the money that has been proposed for farm relief, he would have all the money that has been proposed for farm relief, if all of this proposed legislation were passed.

In other words, if he had some ham, he would have ham and eggs, if he had some eggs.

That is what I mean by the argument of indirection and innuendo. If I ask you how far it is from here to New York City and you tell me that a dog's hind leg is crooked, what you say is absolutely true, but it has nothing to do with the question asked.

What has been proposed for farm relief has very little to do with what the farmer is actually receiving.

The gentleman seems to have stayed within the facts, but he has presented them in such a manner as to give an implied meaning that does not square with the true situation.

For instance, it is like the man who himself would not hurt the dog, but he pushed the dog out of doors and yelled "Mad dog!" The result was the same as though the man himself had killed the dog in the first instance. He placed the dog in such a bad light before the people that they administered the death sentence.

Mr. BEAM would place facts before this House in such a manner as to have you administer a death sentence to the only relief that seems available at the present time for agriculture.

The gentleman has told you how much has been proposed—not appropriated, mark you—for the relief of agriculture, with the intention of leaving you under the impression that the farmer has been amply cared for at the expense of business, and I suppose the gentleman has in mind big business, because the Chicago stockyards are in his district.

The gentleman proceeds on the same line of reasoning that the man would who said one morning when he met his friend, "I have just saved \$50,000."

His friend inquired how, and he said, "General Motors went down \$1 a share on the stock market, and I did not have 50,000 shares."

The gentleman from Illinois has listed the different appropriations for loans to the farmers and in his arguments has asked, "Are we not saddling upon the business of the Nation too great a load and too heavy an obligation?" clearly implying that the money loaned to the farmer will have to be paid back by the business man.

Now let us take up some of these loans and see for ourselves who will pay them, and whether or not they constitute burdens that will be "saddled upon the business of the Nation."

When the corn farmers were selling corn at the ruinous price of 10 cents a bushel, the Government stepped in and loaned these farmers 45 cents a bushel on that corn in sealed cribs. These loans bore interest at the rate of, I believe it was 6 percent.

Corn advanced in price to 90 cents a bushel; it advanced to just twice the amount the Government had loaned on it. When that corn was sold, not only the principal but the interest was paid. The Government actually made money on that loan and saved the farmers of the Corn Belt \$160,000,000 that would otherwise have gone to the grain speculators on the grain exchange.

Now those loans have already been paid back with interest or else are secured by corn that is worth twice the amount of the loan. Therefore, it will not be necessary to "saddle that burden upon the business of the Nation."

Then again, when the livestock industry was flat on its back, the Government came to the rescue. I have some

cattle, I secured a Government loan at a time when it was difficult to get a bid on the cows, and those that sold brought from \$4 to \$12 a head, and had it not been for the Government loans, most of the livestock men would have been forced to throw their livestock upon the market, which would have forced the price still further down the scale.

That Government loan saved me from losing my herd. I have already paid back half the amount of the loan plus the interest due, from the increase of the herd, and the remaining cattle are now worth three to four times more than they were when the loan was made.

Would not you consider that pretty good security? The Government saved the livestock industry and actually made money by these loans. That money will not have to be raised by taxation, and thus "saddle a burden on the business of the Nation."

Then again, our farmers were being foreclosed on their farms when the Government stepped in and made available Government loans secured by the farms. Before a farmer could get one of these loans an appraiser came out and appraised his land. Then a second appraiser came out and checked the first one. The farmer and his wife both signed a first-mortgage lien on that farm to the Government. That loan bears 5-percent interest. Before a clear title can be given to that property it will be necessary to pay not only the principal but the interest.

These loans were all made at about two-thirds of the market value of the farm, which certainly should be a low enough valuation to make them a good loan.

Those loans are well secured. The great loan companies and the life-insurance companies have always considered farm mortgages as the best form of investment. And the money loaned on these farms will not become a "burden saddled upon business."

In other words, my friends, if grain that represents the bread which we eat, if the livestock that represents the meat that we eat, if the fertile farm acres that represent the productive power of the Nation, if the farmer's name on these loans backed by his character, if all of this does not represent good security, then we do not have any in the United States.

Therefore, I submit that Government loans are not Government gifts, and the gentleman has erroneously implied that these constitute a burden that will be saddled upon the business interest in the United States.

Then again, the gentleman from Illinois presented in another argument an unfair comparison. Quoting page 9474 of the RECORD of June 17, 1935, the gentleman said:

Now let us see what agriculture has paid in taxes. For the years 1924 to 1928, mineral producers paid almost six times as much as farmers in Federal taxes. \* \* \*

Now, I believe every Member of this House will recognize the unfairness of that comparison, because farmers pay their taxes on real property located in the local community, and as a matter of fact, the money from their taxes goes to the building of roads, running schools, and operating the local government, and very little of the farmers' tax goes into the Federal Treasury, whereas, because of the very nature of the business itself, the mineral industry naturally pays considerable Federal taxes.

Again may I call your attention to the gentleman's style of argument. It is obviously an injustice to compare the Federal taxes of the farmer to those of the mineral industry, but would the gentleman say that the mineral industry or any other business pays as much tax, State and local, in proportion to its ability to pay as does the farmer?

If the mineral industry and the packing industry and all the other industries paid as much taxes in proportion to the ability to pay as the farmer does, there would be little need to worry about revenue, because we would have an abundance.

I have seen in some of the farm journals the statement that the land in the United States represents only 40 percent of the Nation's wealth, but that it bears 80 percent of the Nation's tax load.



Now, if that statement is true, the farmer, representing only 40 percent of the Nation's wealth, is carrying 80 percent of the tax load, and I have in mind local and State as well as Federal taxes.

Therefore, the gentleman, by arguing to you that the farmer is not bearing his share of the tax load is manifestly unfair.

I can give the gentleman a better comparison than that. Why did he not compare the farmer's income taxes with the income taxes of the business world. Very few, if any, farmers have enough income to pay income tax; therefore the comparison is unfair, because the farmer pays a heavy property tax. All through the gentleman's arguments are those dangerous tricks of illogical comparison. For instance, to show you how unjust such tricks can be, suppose I tell you that the average income of myself and Henry Ford is \$10,000,000, it certainly would be erroneous for you to conclude, therefore, that my income was \$5,000,000.

Mr. Chairman, I now wish to consider the arguments against the processing tax as advanced by the gentleman from Massachusetts: Where did this depression begin? I feel that every Member of Congress is interested in improving conditions in the United States and, as has already been stated in this debate, it is necessary for us to see the picture as a whole and not merely look at one section of the United States, or at one class of people. If the Nation is to be prosperous, then all wholesome business must be guarded.

But I submit that this depression began when the farmer lost his buying power. He stopped buying, the merchant stopped selling, the factory wheels stopped turning, and wage earners started hitch-hiking.

Now, what caused the farmer to lose his buying power? It was because of the great difference between what he had to sell and what he had to buy. He had to sell on a world market and buy on a protected market. The process that bled him white was so gradual that it went unnoticed, but the drain continued. This difference was made possible because of the high protective tariff for the benefit of industry.

When our Nation was young, it was argued then, and with good logic, that if we were to become a great Nation and have our own industries, it would be necessary to protect our young industries from the competition of older countries by a protective tariff, and with the full belief that as soon as these industries were developed, that tariff would be reduced materially, if not removed entirely, but just the contrary happened. The higher the tariff wall, the stronger grew industry. The stronger industry became, the higher went the tariff, and for 150 years an indirect subsidy, in the form of a tariff, has been laid upon all of the consumers for the special benefit of one class, the manufacturing class.

Therefore, it comes with poor grace from the gentleman from New England to oppose this processing tax on the grounds that it is an indirect subsidy laid upon all consumers for the special benefit of the agricultural class. Because this is a farmer's tariff.

In past years the farmer has offset this handicap by frugal living and by extra long hours of labor. It has been somewhat offset, too, because the farmer has found a ready market for most of his products. But as the purchasing power of his products gradually diminished he stretched out his arm and produced more in order to make up the difference in purchasing power. But, finally the tariff handicap overtook him. What he bought cost more, and what he sold brought less. No matter how fast his herds increased, they could not keep pace with the ever-widening gulf between what he had to sell and what he had to buy, until finally his buying power was completely destroyed.

May I give one incident to prove what I say. A farmer in my district took 127 cowhides to Oklahoma City and sold them. He took all the money he got from 127 cowhides and went to buy one set of tug harness. It took all of the money he got from 127 hides and \$9 additional cash to buy the one set of tug harness.

Therefore, when there is that much difference between what the farmer sells and what he buys, his buying power has been destroyed, so the farmer stopped buying. He had to.

We have heard the argument to let the law of supply and demand operate. We are perfectly willing for the law of supply and demand to operate providing it operates on the manufacturer as well as the farmer, but heretofore the law of supply and demand has been artificially controlled as applied to the manufacturer and allowed to operate freely as applied to the farmer. Now we are at the crossroads. We must go one of two ways. We must either let the law of supply and demand operate naturally as applied to both, or artificially control it as applied to both.

I agree with the gentleman from New England that we should have a high standard of living in the United States and that to remove all tariff protection would be a mistake, because it would place our laborers in competition with the cheap labor from foreign countries, but likewise, unless we also give the farmers protection, they are in competition with the Hindus of India, the Chinese of Tibet, the Arabians of Egypt, the Hottentots of Algeria, and the peons of Mexico.

Now, therefore, gentlemen, since this depression began with the break-down of the farmer's purchasing power, I believe we should begin recovery by restoring that purchasing power.

The difference between the farmer's condition before the enactment of the A. A. A. and the present is the difference between 4-cent cotton and 12-cent cotton, the difference between 24-cent wheat—I sold wheat from my ranch at 24 cents—and 90-cent wheat.

The farmer's purchasing power is gradually being restored. When it is sufficiently restored, he will begin buying the things that he needs—farm machinery, paint, lumber, barbed wire, metal roofing, and the long list of things needed on the farm.

When they begin buying again, the merchants will begin selling; when the merchants begin selling, the factory wheels start turning. When the factory wheels start turning, the laborers will be employed. Then we will be on the road to permanent recovery.

Let me say to the gentleman from New England, just as the tariff is here to stay, so also is the processing tax here to stay. I believe it possible for every industry to pay what it costs the producers of raw products a fair price for those raw products, and still sell their finished commodity at a reasonable profit.

If we are to be a great and prosperous Nation, we must bring about conditions where the herdsman's call can be heard as well as the turmoil of the stock exchange, where the whistle of the plowboy can be heard as well as the hum of the factory wheel. [Applause.]

The Clerk read as follows:

*Be it enacted, etc.,* That (a) the first sentence of subsection (1) of section 2 of the Agricultural Adjustment Act, as amended, is amended by striking out the first word and inserting in lieu thereof the following: "Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to", and by inserting before the period at the end thereof a semicolon and the following: "and, in the case of all commodities for which the base period is the pre-war period, August 1909 to July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the base period."

(b) Section 2 of the Agricultural Adjustment Act, as amended, is amended by striking out subsections (2) and (3) and inserting in lieu thereof the following:

"(2) To protect the interest of the consumer by (a) approaching the level of prices which it is declared to be the policy of Congress to establish in subsection (1) of this section by gradual correction of the current level at as rapid a rate as the Secretary of Agriculture deems to be in the public interest and feasible in view of the current consumptive demand in domestic and foreign markets, and (b) authorizing no action under this title which has for its purpose the maintenance of prices to farmers above the level which it is declared to be the policy of Congress to establish in subsection (1) of this section."

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it strikes me that we are following the advice of our good Speaker a little too explicitly. The Speaker asked yesterday in some interesting remarks which he made, that haste should be made in legislation. The majority and the Committee on Agriculture bring in a complicated bill



of over 50 pages one morning, start general debate on it that day and expect to pass it the next day. That is making haste with a vengeance. I, for one, think we should protest against that type of legislation. It is not my opinion that the Speaker expects that sort of haste. There are too many complicated questions in this bill to take it up in such a manner as that.

Among others of the complicated features is the continuation of the processing tax. I introduced, almost at the beginning of this session of Congress, a measure to repeal the processing tax. So far I have been unable to secure even so much as a hearing upon that measure. It is not a tax, as I see it, and as the word is defined, but if there is one iniquitous form of legislation it is the so-called "processing tax", where one group of people is assessed for the benefit of another, but not for the Federal Treasury. In my judgment, it is as iniquitous as anything the Democratic Party has put on the statute books during its power, and absolutely unfair to a large section of this country.

Further than that, it is the first time, to my knowledge, that any definite effort has been made to tax food and clothing. Some years ago we tried to pass the so-called "manufacturers' excise tax", carrying a tax equitably to all classes of people at moderate rates, and instead of accepting such a measure as that, we are today confronted with a continuation of this type of taxation. I am astonished that the majority would offer legislation of this type.

There is included in this bill, I understand, additions to the processing tax. For instance, there are two or three pages which, as I casually glance through the bill, endeavor to legalize what the Supreme Court has declared to be unconstitutional. Now, if the Democratic majority intend to try to get away with that type of legislation, they should let people know about it for more than 24 hours in advance; but it is fair to assume that the gag is again at work.

Another outstanding objection to this measure, in my mind, is the fact that it takes 30 percent, or about \$125,000,000, of revenue collected at the customhouse and pass it out to the so-called "equalization" of agricultural products. I represent, in large measure, an agricultural section, but we do not stand for that kind of legislation.

I simply want to further call attention to the iniquity of the settlement of the processing tax, when one concern in my district last year paid \$1,000,000 in processing taxes and another concern paid \$250,000, without the slightest benefit to anybody, so far as I can learn, and without being able to pass a cent of it on to the consumer.

Now, let us not run away with the idea that legislation for one section of this country as against another is of general benefit. We have heard nothing of late but complaints about New England. For heaven's sake, how is the rest of the country going to live if you cannot earn an honest livelihood in the New England or northeast section of this country? It is ridiculous to say that we have sufficient money in our area to support all the rest of the country under these unfair and iniquitous methods of taxation. Let us get back to the old methods of living under the Constitution, and not try by legislation of this kind to offset legal constitutional decisions.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. TREADWAY] has expired.

Mr. HILL of Alabama. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the gentleman from Massachusetts [Mr. TREADWAY] says that he protests that we are making too much haste. We have a good and righteous thing to do, and experience teaches us that the sooner we do a good and righteous thing, the better it is.

The gentleman speaks of the processing tax as being iniquitous. If it be iniquitous, we learned our lesson, and we got our example from the high protection tariff interests whom the gentleman so ably speaks for and represents in this House. [Applause.]

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. MARTIN of Massachusetts. Is not the gentleman aware of the fact that the first protective tariff came from Henry Clay and John Calhoun, one from Kentucky and the other from South Carolina, and at that time New England was the free-trade section of the country?

Mr. HILL of Alabama. That may be true, but I will say to the gentleman that the father of the protective tariff in this country was Alexander Hamilton. We find that Alexander Hamilton said that there should be a protective tariff, but that there should also be a bounty or compensating benefit to the farmer. That has been the fundamental trouble in this country. We have gone on all the while raising higher and higher tariffs for the industries and the manufacturing interests of this country, and at the same time have refused to do one thing for the farmers.

Mr. MARTIN of Massachusetts. Will the gentleman yield for another question?

Mr. HILL of Alabama. Yes, if the gentleman will be brief.

Mr. MARTIN of Massachusetts. The Democratic Party has been in control of this Congress for 5 years. It has been in control of the Nation for 3 years. It is talking constantly of high tariffs, but what have you done about it?

Mr. HILL of Alabama. We are working on the tariff, and we have done this: We have given to the farmers of America the A. A. A. We have given them equality of opportunity in this land. That is what we have done.

The gentleman knows that if the farmers of the country had continued to follow the Republican Party bare feet and shirtheads would be their uniform today. [Laughter.] That has been the trouble through the years, we have not given the farmers that equality of opportunity to which they were justly entitled and which is so necessary for the general welfare and the very life of the country. That is exactly what the A. A. A. Act does and what these amendments propose to do; and in giving to the farmer equality of opportunity we do not rob some other section, we do not rob some other group, or some other class. The records show, Mr. Chairman, that the greatest increase in department store purchases, in general merchandise, in insurance sales, and automobile sales last year was in the sections of the country where the A. A. A. farm program was operating. The goods and articles purchased from the department stores, the general merchandise and the other things, are manufactured by the industries of America, and when you make it possible for our farmers to buy those things, then you make it possible for these industries to prosper. One of the major contributing causes of the depression was the fact that under Republican tariffs the farmers were exploited and robbed to the point that their purchasing power was destroyed.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. RICH. In reference to the statement made by the gentleman that we did not do anything for the farmer, does not the gentleman believe—

Mr. HILL of Alabama. Mr. Chairman, I cannot yield for that. The gentleman knows his party has not done anything for the farmer.

Mr. RICH. I should like to ask the gentleman a question.

Mr. HILL of Alabama. Then, ask the question.

Mr. RICH. Does not the gentleman think we ought to have a tariff on every commodity the farmer grows so that competitive commodities cannot be imported into the country?

Mr. HILL of Alabama. No, of course, I do not think there ought to be a tariff on every commodity the farmer grows. We have got to sell our products in the markets of the world, and to preserve those markets we cannot follow a policy of exclusion. Furthermore, the Republican Party placed a tariff on wheat and it did the farmer no good. It would be absurd to talk about a tariff on cotton where over 50 percent of the crop must be exported.

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.



The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HILL of Alabama. I feel, Mr. Chairman, that the people of this country, whether they live on farms or in cities, ought to be thankful for this A. A. A. program, because we are taking care of the economic mud sill of the Nation in providing this program.

I join in what has been said in tribute to the Chairman of the Committee on Agriculture and the members of that committee, and I also want to pay my tribute to Henry Wallace, Rex Tugwell, and Chester Davis. They have been the backfield of this program, they have played ball, they have carried the ball to touchdown after touchdown [applause]; and if we will go forward with this program we shall not only bring the American farmer into a happier and better day but we shall lead the entire Nation into a brighter and more abundant day. [Applause.]

Mr. O'MALLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'MALLEY: Strike out the quotation marks and the period in line 18, page 2, and add thereto the following language: "(c) And by setting a maximum consumer price exceeding which certain designated commodities may not be sold."

Mr. O'MALLEY. Mr. Chairman, section 1 as amended—

Mr. JONES. Mr. Chairman, I make the point of order, if I heard the amendment correctly—

Mr. O'MALLEY. Mr. Chairman, I submit the gentleman's point of order comes too late. The Chair had already recognized me, and I was proceeding with my argument.

The CHAIRMAN. The Chair thinks the point of order comes too late. The gentleman had offered his amendment and been recognized and was proceeding with his discussion.

The Chair overrules the point of order.

Mr. O'MALLEY. Mr. Chairman, the purpose of section 2, according to its language, is to protect the interests of the consumer. The authority given the Secretary of Agriculture in section 2 supposedly is authority for the protection of the interests of the consumer, but insofar as section 2 goes it is only a group of nice words; it does not mean anything.

We have delegated enough authority to the Secretary of Agriculture in the past few years to make him rank with the former Czars of the Russias. Why not, then, give him additional authority to protect the interests of the consumer against rising prices; and one of the ways in which we can give the Secretary of Agriculture authority to check prices when they get out of bounds is to add these few words to this section that I propose. My amendment would make the section actually effective by giving the Secretary of Agriculture authority to establish a maximum price which may be charged the consumers upon the commodities designated in the Agricultural Adjustment Act.

The farmers of the country represent 30,000,000 consumers, but the residents of the cities of this country represent equally as many, if not more, consumers, and they ought to have some protection from the costs and from the results of this Agricultural Adjustment Act. While we are giving authority to the Secretary of Agriculture to designate the prices that shall be paid the farmers, let us also give him some authority to control the prices which the consumers of this country have to pay for the necessities of life, the things they eat and wear, which they must buy, whether they are on relief or receiving the average meager income paid to the great mass of workers.

Mr. Chairman, I hope this amendment will be adopted.

Mr. JONES. Mr. Chairman, under the decision of the Supreme Court if an attempt is made to fix prices by legislation a yardstick would have to be laid down, and this is not done by this amendment.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. JONES. No; I am sorry I cannot yield.

In the second place it is very doubtful, even if you did say that you could fix a particular price, that it would be constitutional, because it is not limited in its application to commodities in interstate commerce.

In the third place, the gentleman said he represents a city district and is not interested in the farmers' prices. There-

fore, for all of the three reasons cited I ask that the amendment be defeated.

Mr. WHITE. Mr. Chairman, I ask unanimous consent that the amendment may be read again.

The CHAIRMAN. Without objection, the Clerk will read the amendment.

There was no objection.

The Clerk read the O'Malley amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. O'MALLEY].

The amendment was rejected.

Mr. MICHENER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MICHENER: Page 1, line 3, after the word "that", strike out the remainder of the section and insert in lieu thereof the following: "section 2 of the Agricultural Adjustment Act, as amended, is hereby amended to read as follows:

"Sec. 2. It is hereby declared to be the policy of Congress—

"(1) Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period; and, in the case of all commodities for which the base period is the pre-war period, August 1909 to July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments, and tax payments during the base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, August 1919–July 1929.

"(2) To protect the interest of the consumer by (a) approaching the level of prices which it is declared to be the policy of Congress to establish a subsection (1) of this section by gradual correction of the current level at as rapid a rate as the Secretary of Agriculture deems to be in the public interest and feasible in view of the current consumptive demand in domestic and foreign markets, and (b) authorizing no action under this title which has for its purpose the maintenance of prices to farmers above the level which it is declared to be the policy of Congress to establish in subsection (1) of this section."

Mr. MICHENER. Mr. Chairman, I do not want to be considered as scolding the members of committees about the form of bills. This amendment in no way changes what the committee seeks to accomplish. Section 1 of the bill furnishes the mechanics and lays down a formula whereby existing law is to be amended. The amendment which I present is the result accomplished if the directions as set forth in section 1 of the bill are carried out. In short, it is the accomplishment, and not the narration, of the operation which the Committee seeks to perform on section 2 of the Agricultural Adjustment Act.

No one will contend that section 1 of this bill as drafted is properly drafted. Such draftsmanship would be unworthy of the crudest State legislature or county board of supervisors in the country. Imagine a court wanting to ascertain what the law was and being confronted with a statute which directed him to strike out a semicolon, insert a comma, strike out certain language and insert other language in lieu thereof; and this in the shape of an amendment to the original statute. It would be necessary for him to call a stenographer and to redraft the statute before he could tell what he was asked to rule upon. If we adopt this bill as drafted, the court will be obliged to do that very thing.

We have a legislative counsel, or drafting service, in which we have taken much pride in the past, and on whom we have been wont to rely. Mr. O'Brien, of that service, is in attendance upon the committee, and I have talked with him about this form of draftsmanship. These men are experts and the committee should yield to their judgment. It does not require an expert to amend by "striking out" and "inserting" only. There is no justification or excuse for such slovenly, loose, vague, and uncertain language as is found in this bill.

No excuse is given or can be given other than that it is not desired to be specific, because there might be some omission, or that the attention of the House might be called to existing



law, which upon consideration might be further objected to, or perchance a properly drafted statute might require a little more printing. Surely we should not economize in printing at the expense of properly worded legislation.

Someone has suggested to me that the compiler of the statutes could figure this out and that the law-book companies will prepare proper compilations by assembling the statutes and working out the formulae given by the Congress. We all know these compilers' editions are not authority in court. The statutes are what count, and each statute must stand on its own bottom. Congress should make the statutes intelligible and not rely upon fallible compilers.

I call your attention to the report of the committee filed in this case with special reference to that part complying with the Ramseyer rule. The Ramseyer rule requires three things: First, the printing in roman type of the existing law sought to be altered; second, the inclusion within brackets of that part of the existing law to be amended; third, the printing in italics of the new matter added to the section. We all realize the value of this printing. Now, if you take section 2 as presented in the committee report under the Ramseyer rule and strike out everything between the brackets, which, as stated above, is the part of the old law eliminated, and reenact the remainder of the section, you will have a complete statement of the section as amended. This is good draftsmanship, is clear, concise, and tells the whole story. This is all that my amendment seeks to accomplish. It in no way changes the intention of the committee in reference to the changes in the section.

I realize that this amendment, regardless of its merit, cannot be adopted without the approval of the chairman of the committee. I am sure that the chairman of the committee will not deny that this amendment is proper. If this amendment is adopted, then I shall offer similar amendments to each succeeding section of this bill, and when the bill leaves the House we will all know just what we have enacted, and those called upon to obey the law will be able to read and to understand without inserting, striking out, and interpreting. Of course, if this amendment is not adopted, I shall not take the time of the House and the space in the CONGRESSIONAL RECORD in presenting the other perfecting amendments.

Under the privilege granted I want to explain the action which I shall take on this bill. I am not in favor of the plowing-under policies of the A. A. A. I realize that something must be done, if possible, to make the tariff effective for agriculture. I think that during my time in Congress I have always voted for every reasonable proposal that might aid the farmer. I voted for the McNary-Haugen bill. I voted for the Farm Board. I voted for the so-called "allotment plan" in the Seventy-second Congress. I have been ready to vote for the debenture plan. This was because no better plan was suggested, and I have felt for many years that the farmers' condition was such that some relief must be given; that nothing was certain and that a trial was necessary.

Before the Schechter decision on the N. R. A. the National Grange, the Farm Bureau, and the Milk Producers' Association from my State called upon the Michigan delegation, urging the enactment of the amendments then proposed to the A. A. A. Since that time the N. R. A. decision has, in my judgment, determined that much of the A. A. A. and the proposed amendments, including the license feature, are unconstitutional. I have not had any endorsement for the pending amendments from anyone, with the exception of the Washington representative of the Milk Producers' Association.

It is true that the existing amendments attempt to circumvent the constitutional objections set forth in the N. R. A. decision, but I do not believe that this has been accomplished. We may change the "licenses" to "orders", but it takes more than a change in name to make the change real and effective.

I realize that there is some logic in the suggestion that this is all an experiment and that the committee has attempted to include within the four corners of the present bill provisions resembling the McNary-Haugen bill and the debenture plan.

Some of the suggestions in this bill are admirable, but, taken as a whole, with the inclusion of the processing taxes and the continued regimentation of agriculture, the bill is unpalatable to one who believes that the farmer should be permitted to go to bed when he gets ready, to arise at his discretion, to plant, to sow, to reap, and to sell as his good judgment dictates. We must have cooperation, but we must not have bureaucratic dictatorship.

A large percentage of my constituents are farmers. Their ancestors have lived on and from the soil. Their children have been educated. Their homes have been improved—and all this without dictation from some agent sent out by the Federal Government to control their everyday going and coming. Our people just cannot get used to this kind of thing, and I am not going to be a party to placing a penalty on initiative, industry, and thrift. There is too much artificiality in everything we do nowadays. Let us get back and be more real.

We all know that it is the surplus crop that is causing the trouble, and I am ready to attempt the principles of the equalization fee, the embargo, or any other sound principle that will make the tariff effective for agriculture. I am not going to add encouragement to legislation and practices that tax the consumer to pay the farmer not to produce, and, at the same time, put the American producer of what is left out of business by permitting foreign importations of agricultural commodities.

A number of the members of the Agriculture Committee will give facts and figures during this debate showing the quantities of farm productions imported since the A. A. A. has been in effect. It is not only interesting but it is depressing. Let us stop this thing, rather than continue the policies of the A. A. A.

I shall vote against these amendments, and in so doing believe that I am voting for the best interests of the real farmers in America. The farmer does not ask for a subsidy, all he wants is the cost of production and a reasonable profit. He must be placed on a parity with other industry. He does not want to destroy the things other people need. Make it possible for him to handle the accumulated indebtedness of the years when he was not given equal opportunity with others and he will ask no more.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, according to the gentleman's statement, it makes no difference in legal effect if we adopt the additional language which he suggests, and that would make necessary the recopying of both acts which are referred to in this measure. So far as practical life is concerned, I do not think it would be of any additional help, except it would cost more money for reprinting. If we recopied all of the laws that are amended in this House, there might not be anything for the gentleman's Committee on Revision of the Laws to do, and I do not want to take that job away from him.

May I say that the country lawyer relies on the compilation of the statutes, and that is what is presented in court. Of course, if introduced in evidence, a certified copy of the measure must be produced. We have complied literally with the orders of this House under the Ramseyer rule. In back of the committee report is shown each section amended, with the changes therein. That is the customary procedure which is followed in this House in connection with practically all bills.

This bill has a great many technical provisions in it, but has been carefully drawn and gone over. If we undertook to rewrite each paragraph of the bill here on the floor of the House we would be in utter confusion before we got through. At the appropriate time, if the gentleman wants to redraft this entire bill setting out each provision and have it checked and rechecked, I do not object to his having unanimous consent to suggest the changes and have it printed in that way when we are through, but let that be done as a separate proposition. We have complied with the procedure established by the House, and unless the House sees fit to change the procedure we do not feel at liberty to depart from it.



Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. MICHENER. I may say to the gentleman that so far as the procedure of the House is concerned, such procedure has not been followed.

Mr. JONES. It has been followed in most cases.

Mr. MICHENER. Just recently we have been following that procedure, and it seems to me that a statute should be so plain that anyone could read it and know what it means without having to refer to some other statute and then superimpose the amendments on the other statute before anyone can tell just what is the law.

Mr. JONES. I think this is plain.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

The Clerk read as follows:

SEC. 2. Section 8 of the Agricultural Adjustment Act, as amended, is amended by striking out everything preceding subsection (2) and inserting in lieu thereof the following:

"(1) Whenever the Secretary of Agriculture has reason to believe that:

"(a) The current average farm price for any basic agricultural commodity is less than, or is likely during the current or next succeeding marketing year for such commodity to be less than, the fair exchange value thereof; and

"(b) The conditions of and factors relating to the production, marketing, and consumption of such commodity are such that the exercise of any one or more of the powers conferred upon the Secretary under subsections (2) and (3) of this section would tend to effectuate the declared policy of this title, and that the exercise of any one or more of such powers would be administratively practicable;

he shall cause an immediate investigation to be made to determine such facts. If, upon the basis of such investigation, the Secretary finds the existence of such facts, he shall exercise such one or more of the powers conferred upon him under subsections (2) and (3) of this section as he finds, upon the basis of such investigation, administratively practicable and best calculated to effectuate the declared policy of this title.

"(2) Subject to the provisions of subsection (1) of this section, the Secretary of Agriculture shall provide, through agreements with producers or by other voluntary methods—

"(a) For such adjustment in the acreage or in the production for market, or both, of any basic agricultural commodity, as he finds, upon the basis of the investigation made pursuant to subsection (1) of this section, will tend to effectuate the declared policy of this title, and to make such adjustment program practicable to operate and administer; and

"(b) For rental or benefit payments in connection with such agreements or methods in such amounts as he finds, upon the basis of such investigation, to be fair and reasonable and best calculated to effectuate the declared policy of this title and to make such program practicable to operate and administer, to be paid out of any moneys available for such payments or to be made in quantities of one or more basic agricultural commodities acquired by the Secretary pursuant to this title.

"(4) Subject to the provisions of subsection (1) of this section, the Secretary of Agriculture shall make payments, out of any moneys available for such payments, in such amounts as he finds, upon the basis of the investigation made pursuant to subsection (1) of this section, to be fair and reasonable and best calculated to effectuate the declared policy of this title:

"(a) To remove from the normal channels of trade and commerce quantities of any basic agricultural commodity or product thereof;

"(b) To expand domestic or foreign markets for any basic agricultural commodity or product thereof;

"(c) In connection with the production of that part of any basic agricultural commodity which is required for domestic consumption.

"(4) Whenever, during a period during which any of the powers conferred in subsection (2) or (3) is being exercised, the Secretary of Agriculture has reason to believe that, with respect to any basic agricultural commodity:

"(a) The current average farm price for such commodity is not less than, and is not likely during the current or next succeeding marketing year for such commodity to be less than, the fair exchange value thereof; or

"(b) The conditions of and factors relating to the production, marketing, and consumption of such commodity are such that none of the powers conferred in subsections (2) and (3), and no combination of such powers, would, if exercised, tend to effectuate the declared policy of this title or that the exercise thereof would not be administratively practicable, he shall cause an immediate investigation to be made to determine such facts. If, upon the basis of such investigation, the Secretary finds the existence of such facts, he shall not exercise any of such powers with respect to such commodity after the end of the marketing year current at the time when such finding is

made and prior to a new finding under subsection (1) of this section.

"(5) In the course of any investigation required to be made under subsection (1) or subsection (4) of this section, the Secretary of Agriculture shall hold one or more hearings, and give due notice and opportunity for interested parties to be heard.

"(6) No payment under this title made in an agricultural commodity acquired by the Secretary in pursuance of this title shall be made in a commodity other than that in respect of which the payment is being made. For the purposes of this subsection, hogs and field corn may be considered as one commodity.

"(7) In the case of sugar beets or sugarcane, in the event that it shall be established to the satisfaction of the Secretary of Agriculture that returns to growers or producers, under the contract for the 1933-34 crop of sugar beets or sugarcane, entered into by and between the processors and producers and/or growers thereof, were reduced by reason of the payment of the processing tax, and/or the corresponding floor stocks tax, on sugar beets or sugarcane, in addition to the foregoing rental or benefit payments, the Secretary of Agriculture shall make such payments, representing in whole or in part such tax, as the Secretary deems fair and reasonable, to producers who agree, or have agreed, to participate in the program for reduction in the acreage or reduction in the production for market, or both, of sugar beets or sugarcane.

"(8) In the case of rice, the Secretary of Agriculture, in exercising the power conferred upon him by subsection (2) of this section to provide for rental or benefit payments, is directed to provide in any agreement entered into by him with any rice producer pursuant to such subsection, upon such terms and conditions as the Secretary determines will best effectuate the declared policy of this title, that the producer may pledge for production credit in whole or in part his right to any rental or benefit payments under the terms of such agreement and that such agreement and that such producer may designate therein a payee to receive such rental or benefit payments.

"(9) Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of any nonperishable agricultural commodity on the farm, inspection and measurement of any such commodity so stored, and the locking and sealing thereof, and such other regulations as may be prescribed by the Secretary of Agriculture for the protection of such commodity and for the marketing thereof, a reasonable percentage of any benefit payment may be advanced on any such commodity so stored. In any such case, such deduction may be made from the amount of the benefit payment as the Secretary of Agriculture determines will reasonably compensate for the cost of inspection and sealing but no deduction may be made for interest."

Mr. KVALE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KVALE: On page 8, line 8, at the end of the section, add the following subsection:

"(10) No agreement shall be entered into pursuant to the provisions of this section unless such agreement shall contain provisions with respect to agricultural laborers, share tenants, and share croppers employed or engaged in farming upon all land owned or controlled by any party to such agreement:

"(A) Providing for the distribution, directly to and in the name of the particular party in interest, of any payments made pursuant to such agreements upon such basis as the Secretary deems fair and just between owners, landlords, share tenants, and share croppers."

Mr. JONES (interrupting the reading of the amendment). Mr. Chairman, the reading has progressed far enough to show that this amendment is subject to a point of order.

Mr. MARCANTONIO. Mr. Chairman, may we have the full amendment read? I submit the point of order should be made after the amendment has been read.

Mr. JONES. I do not object to having the amendment printed in the RECORD, but I do not see any use in reading a lot of matter here that is clearly not germane, and I make the point of order that the amendment is not germane to the section or to the paragraph.

The CHAIRMAN. The Chair has noted the gentleman's point of order, but would suggest that the reading of the amendment be completed before ruling on the point of order.

The Clerk resumed the reading of the amendment, as follows:

(B) Providing that any adjustment in acreage or production required or effected pursuant to such agreement shall be effected ratably among such persons as continue to be employed or engaged in farming upon the land covered by such agreement, and that the same number of share-tenants, of share-croppers, and of agricultural laborers which was employed or engaged in farming before such agreement was entered into upon the land covered by such agreement shall be employed or engaged in farming upon such land at all times during the period covered by such agreement.



(11) The Secretary of Agriculture, or any person employed or engaged in farming upon the land covered by any agreement entered into pursuant to this section, may bring a bill in equity, regardless of the amount in controversy, in the District Court of the United States for the district in which such land is located to enjoin the breach or compel the observance of any provision required by subsection (10) of this section or section 8g of this title, to be included in the agreement covering the land upon which such person is employed or engaged in farming. Violation of any such provision by any party to any such agreement is hereby declared to be a misdemeanor and shall be punishable by a fine of not less than \$50 and not more than \$100 for each day that such violation continues.

The CHAIRMAN. The gentleman from Texas makes a point of order against the amendment offered by the gentleman from Minnesota. Does the gentleman from Minnesota desire to be heard on the point of order?

Mr. KVALE. I think not, Mr. Chairman. I shall have to abide by the decision of the Chair, and I am hopeful the Chair will give the amendment a liberal construction. The amendment has been rather carefully drawn, and while I have no pride of authorship, I hope the amendment may be considered in order and that we may vote upon it.

Mr. JONES. Mr. Chairman, the generally accepted rule is that if any part of an amendment is subject to a point of order, the entire amendment is subject to the point of order, and this brings in entirely new subject matter not contained in either the section or the paragraph.

The CHAIRMAN. The Chair thinks the amendment does introduce new subject matter not contemplated by the bill, and is clearly subject to a point of order. The Chair therefore sustains the point of order.

Mr. HOEPEL. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise my remarks and to extend in the RECORD three telegrams which I have received in opposition to this bill.

The CHAIRMAN. The gentleman from California asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. HOEPEL. Mr. Chairman, I am in somewhat of a quandary in respect to this bill. I do not know whether I shall support it or not, but I do know that I am unalterably opposed to the inequitable, un-American, and in my opinion, uneconomical method of relief which it embodies.

When I passed through Gillette, Wyo., last year, on my way to California, Government agents were then in Gillette, with automobiles loaded with ammunition and firearms, with instructions to go out on the ranches and kill 200,000 head of sheep. These sheep, after slaughter, were to be left where they fell, the owners, however, to be permitted to take the hides if they wished. I cannot subscribe to such a policy of destruction and artificial stimulus of the price of foodstuffs.

This bill we are now discussing proposes also a curtailment in the production or distribution of oranges. I believe that every child in America should have an orange whenever he wants it and I protest the enactment of legislation which will make the consumption of oranges impossible for our poor and undernourished children.

Instead of limiting our production of oranges and other basic foods, I favor increased production in order that essential foodstuffs for a balanced diet may be available to all our people and through proper nutrition, the health of our Nation may be safeguarded.

I am in favor of assisting the agricultural producer to the fullest possible extent, but not through the means proposed in this bill.

Another feature in this bill to which I am opposed, and it is a very important one—is the processing tax, which is a tax levied upon the consumer.

If we are to have a processing tax, it should come from a general tax levy. This tax should be placed upon the surplus of large corporations, upon the larger incomes of \$50,000 or more, and on gifts and inheritances. There are one hundred-and-forty-odd thousand families in the county of Los Angeles now on relief. Under the provisions of this bill this inequitable, unfair, and un-American processing tax, which each and every individual must pay, increases the cost of living to all our people, but the burden is heaviest on those

whose funds are pitifully inadequate for the barest necessities of life.

By the imposition of these processing taxes the price of lard is raised 2½ cents per pound, flour \$1.38 a barrel, boneless ham 7 cents a pound, sugar one-half cent a pound, bread one-half cent per loaf, salted peanuts 1½ cents per pound, and peanut butter 1¾ cents per pound. Taxes apparently will be continued for 2½ years on the cotton in women's and children's dresses, diapers, shirts, pajamas, overalls, sheets, handkerchiefs, underwear, work gloves, window curtains, thread, and so forth.

Today, in the city of Washington, bacon is 47 cents per pound and steak as high as 65 cents per pound. We should remember that the administration paid millions of dollars for the destruction of pigs and additional millions for the destruction of cattle and other livestock, with the idea of raising prices for the producer of these commodities, while under our ridiculous reciprocal tariff procedure we are importing 10 times more fats, oils, and so forth, than we are exporting, thus apparently curtailing our own production for the benefit and profit of foreign agricultural producers.

The administration, however, appears to be little concerned as to the plight of the consumer. Under the work-relief plans, wages as low as \$19 per month are provided for our unfortunate, worthy unemployed. The maximum for the highest type of professional employee is \$95 per month. With our present prices, how far will \$19 per month go? Some of our workers will not be able to buy a pound of meat with the wages of a day's work! In our efforts to increase prices through unnatural processes, we are increasing the cost of living, lowering the American standard of living, lowering the American wage standard, and reducing the purchasing power of our people! Such short-sighted, inconsistent policies are their own assurance of failure!

Furthermore, I contend that this bill is unconstitutional. It is unfair to the general population to take general revenues to subsidize a distinct class of people as we are proposing to do in this bill, and it is discriminatory indeed to take the revenues from tariff imposts and to apply them in the interest of the farmers for the purpose of developing foreign trade. It is my opinion that the hundreds of millions of dollars of general revenue with which we propose to experiment to develop a foreign market could best be spent here at home for an adequate old-age pension and for pensions to the disabled and to widows with children who are without sufficient means of support. Certainly these American citizens, if they were given these millions of dollars, would spend this money here at home and the farmer would be directly benefited rather than hypothetically benefited through the proposed experiment of spending hundreds of millions of dollars to develop our foreign trade. The American market is one of the most valuable assets of this Nation, and we would do well to protect and maintain it in the interests of our own people, instead of sacrificing it for hoped-for advantages in foreign trade.

There is no individual with common sense who is opposed to giving the farmer an adequate return on his investment and labor, but even the farmer himself, in his heart, must condemn the stupidity of paying for crop destruction or idleness. Instead of trafficking with the public funds and placing an inordinate tax on the consumer, which doubly oppresses the unemployed, we should enact legislation now before us providing for the cost of production, plus a reasonable profit, for the farmer; we should enact the Frazier-Lemke bill to free the farmer from the tentacles of the money-lender and we should refrain from the present tendency of Government to coerce and intimidate one group within an industry at the expense of another. With the myriad of bureaus which have been established in the new deal and the bureaucracy which is being developed we may eventually find ourselves with one-half of our population in Government positions of one sort or another, seeking to tell the other 50 percent of the people how they should conduct their business.

I reiterate that I am somewhat in a quandary as to how to vote on this bill, due to the fact that certain of the larger



cooperative associations favor this bill, while practically all of the smaller or independent associations oppose the bill.

Under leave to insert in the RECORD, I include herewith three of the many telegrams I have received, all of which were opposed to the enactment of this legislation.

LOS ANGELES, CALIF., June 18, 1935.

JOHN H. HOEPEL,

Representative, Washington, D. C.:

Undersigned vigorously oppose amendments Agricultural Adjustment Act. Prorating markets and limiting to specific grades and sizes absolutely unsound and confiscatory to some growers. Delegation authority to State officials by Secretary Agriculture we believe unconstitutional. Fifty percent approval clause absolutely unsound due inability enforce. Control into specific markets most unfair, as undersigned over period years have built up special trade certain markets. All undersigned at meeting June 14 passed following resolution:

"This group independent growers and shippers being of opinion present California-Arizona citrus marketing agreement not legal, and being operated only as gentlemen's agreement, and recognizing necessity orderly marketing method and agreeing continuance pro rate willing carry on provided following amendments to agreement adopted to make present program: Eliminate intrastate shipments from pro rate; eliminate f. o. b. shipping point acceptance orders from pro rate, the same regulations to apply on f. o. b. sales as apply export; that have only one area in pro rate."

Representing over 10,000 cars citrus, we ask your support our contentions. Unless these changes in amendments and new amendments added marketing agreement will foster monopolies and curtail if not completely eliminate smaller individual operators. Reply.

C. B. Moore, 1231 East Seventh Street, Los Angeles, Calif.; American Fruit Growers; Randolph Marketing Co.; Andrews Bros.; Banks Fruit Co.; California Citrus Cash Cooperatives; California Fruit Distributors; Cherokee Citrus Co.; Fusch Fruit Co.; Gentile Bros.; Gold Banner Association; Gold Buckle Association; Gore Packing Co.; Hanson Fruit Co.; Krinard Packing Co.; Theodore Krumm Lyn & Sons; Meffered Bros.; Pico Citrus Association; Placentia Orchards; Quality Fruit Co.; San Antonio Orchards; Speich & Co.; Kenneth Spencer; Emil Steiner; Sunny Hills Ranch; Granada Packing Co.; Engbretson Grape Angeles Brokerage; Growers Service Co.; Federal Fruit Distributors; Urick Hollis Reedley Grape Growers.

WHITTIER, CALIF., June 15, 1935.

HON. JOHN H. HOEPEL,

House of Representatives, Washington, D. C.:

We oppose proposed amendments to Agricultural Adjustment Act, which permit monopoly under State authority, unfair, impracticable, discriminatory in volume movement to markets of specific grades, sizes, and quality, strangles exports, with like reaction on domestic shipments. Therefore, request California citrus fruits be excluded from amendments.

INDEX MUTUAL ASSOCIATION.

POMONA, CALIF., June 15, 1935.

JOHN H. HOEPEL,

Representative, Washington, D. C.:

We oppose amendments to the Agricultural Adjustment Act and request that California citrus fruits be excluded from them, because—

First, permits proration of markets, limiting of specific grades, sizes, and qualities.

Second, limits exports when we should stimulate exports in order to relieve domestic markets.

Third, permits Secretary of Agriculture to pass control over to State officials.

Fourth, permits putting orders into effect upon 50-percent approval when experience proves that even with 90-percent approval it is difficult to administer agreements.

Controls volume going into specific markets, which is unfair and impracticable, because certain shippers have special trade in specific markets built up over many years.

Grade, size, and quality control are discriminatory because all do not have same amount of grades, sizes, and quality, which would compel some to ship less than others.

Permitting State officials to administer orders will prove disastrous. We urge you to prevent adoption of such amendments.

LAVERNE COOPERATIVE CITRUS ASSOCIATION.

#### POTATOES

Mr. BREWSTER. Mr. Chairman and ladies and gentlemen of the Committee, I want to speak of the very serious situation that confronts us in Maine.

Coming down here with our native Yankee caution, exceedingly suspicious of encroachment upon our boasted individualism, we have now come to realize, so far as my part of the country is concerned, that we are confronted by a condition and not a theory. That condition is that potatoes in my district today are selling for 10 cents a barrel.

If some of you gentlemen concerned in cotton can conceive of cotton selling at 1 cent a pound, you can realize what it means to us. Or if corn were selling at 5 cents a bushel or wheat at 10 cents a bushel, you would realize what it means to us to have potatoes selling at 1 cent a peck. In Aroostook County this month 1,000,000 barrels of potatoes are being dumped into the fields to rot without a market of any kind into which they can move.

What is the answer to this question? I will not pretend to say in the brief time allotted to me, but I do wish to say that we are vitally concerned. We are faced with absolute ruin. We are willing and desirous to cooperate in any measure that shall afford to us some measure of relief.

We realize that potatoes may come within the classification in this bill as a vegetable. It is the conviction, however, of those who have given the closest study to the potato problem that under these amendments it will not be possible to assist in any adequate measure the potato producers of this country. We recognize that thus far there are 14 farm crops of the United States given recognition as basic commodities. Potatoes thus far have received no recognition, although they are the fourth food crop of the United States. We must ask of this assemblage before adjournment very serious consideration of the Warren bill that shall accord to potatoes something of the position to which they are entitled in the agricultural program as the fourth food crop of the United States.

We appreciate the consideration given to us by the Chairman of the Committee on Agriculture and his associates. We hope before this session closes that you may give to this commodity, and to 100,000 people in Maine who face ruin at the present time, and to millions of others concerned in the potato crop throughout the country, the same consideration that has been afforded to the 14 basic commodities hitherto extended aid. [Applause.]

The Clerk read as follows:

SEC. 3. The first sentence of subsection (b) of section 12 of the Agricultural Adjustment Act, as amended, is amended to read as follows: "In addition to the foregoing, for the purpose of effectuating the declared policy of this title, a sum equal to the proceeds derived from all taxes imposed under this title are hereby appropriated to be available to the Secretary of Agriculture for (1) the acquisition of any agricultural commodity pledged as security for any loan made by any Federal agency, which loan was conditioned upon the borrower agreeing or having agreed to cooperate with a program of production adjustment or marketing adjustment adopted under the authority of this title, and (2) the following purposes under part 2 of this title: Administrative expenses, payments authorized to be made under section 8, and refunds on taxes."

Mr. JONES. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. JONES: Page 8, line 14, strike out the word "are" and insert the word "is."

The amendment was agreed to.

The Clerk read as follows:

SEC. 5. The Agricultural Adjustment Act, as amended, is amended by striking out section 8 (3) thereof and by adding after section 8b, the following new section:

#### "ORDERS"

"SEC. 8c. (1) The Secretary of Agriculture shall, subject to the provisions of this section, issue, and from time to time amend, orders applicable to processors, associations of producers, and others, engaged in the handling of any agricultural commodity or product thereof specified in subsection (2) of this section. Such persons are referred to in this title as 'handlers.' Such orders shall regulate, in the manner hereinafter in this section provided, the handling of such agricultural commodity, or product thereof, in the current of interstate or foreign commerce, or so as directly to burden, obstruct, or affect, interstate or foreign commerce in such commodity or product thereof.

#### "COMMODITIES TO WHICH APPLICABLE"

"(2) Orders issued pursuant to this section shall be applicable only to the following agricultural commodities and the products thereof (except products of naval stores), or to any regional, or market classification of any such commodity or product: Milk, fruits (including pecans and walnuts but not including apples and not including fruits for canning), tobacco, vegetables (not including vegetables for canning), and naval stores as defined in the Naval Stores Act. As used in this section, the term 'vegetables' includes soybeans.



## "NOTICE AND HEARING"

"(3) Whenever the Secretary of Agriculture has reason to believe that the issuance of an order will tend to effectuate the declared policy of this title with respect to any commodity or product thereof specified in subsection (2) of this section, he shall give due notice of and an opportunity for a hearing upon a proposed order.

## "FINDING AND ISSUANCE OF ORDER"

"(4) After such notice and opportunity for hearing, the Secretary of Agriculture shall issue an order if he finds, and set forth in such order, upon the evidence introduced at such hearing (in addition to such other findings as may be specifically required by this section) that the issuance of such order and all of the terms and conditions thereof will tend to effectuate the declared policy of this title with respect to such commodity.

## "TERMS—MILK AND ITS PRODUCTS"

"(5) In the case of milk and its products, orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7)) no others:

"(A) Classifying milk in accordance with the form in which it is ultimately used or consumed, and fixing, or providing a method for fixing, minimum prices for each such use classification which all handlers shall pay, and the time when payments shall be made, for milk purchased from producers or associations of producers. Such prices shall be uniform as to all handlers, subject only to adjustments for (1) volume, market, and production differentials customarily applied by the handlers subject to such order, (2) the grade or quality of the milk purchased, and (3) the locations at which delivery of such milk, or any use classification thereof, is made to such handlers.

"(B) Providing:

"(i) for the payment to all producers and associations of producers delivering milk to the same handler of uniform prices for all milk delivered by them: *Provided*, That, except in the case of orders covering milk products only, such provision is approved or favored by at least three-fourths of the producers who, during a representative period determined by the Secretary of Agriculture, have been engaged in the production for market of milk covered in such order or by producers who, during such representative period, have produced at least three-fourths of the volume of such milk produced for market during such period; the approval required hereunder shall be separate and apart from any other approval or disapproval provided for by this section; or

"(ii) for the payment to all producers and associations of producers delivering milk to all handlers of uniform prices for all milk so delivered, irrespective of the uses made of such milk by the individual handler to whom it is delivered;

subject, in either case, only to adjustments for (a) volume, market, and production differentials customarily applied by the handlers subject to such order, (b) the grade or quality of the milk delivered, (c) the locations at which delivery of such milk is made, and (d) a further adjustment, equitably to apportion the total value of the milk sold by any handler, or by all handlers, among producers and associations of producers, on the basis of their production of milk during a representative period of time.

"(C) In order to accomplish the purposes set forth in paragraphs (A) and (B) of this subsection (5), providing a method for making adjustments in payments, as among handlers (including producers who are also handlers), to the end that the total sums paid by each handler shall equal the value of the milk purchased by him at the prices fixed in accordance with paragraph (A) hereof.

"(D) In order to accomplish the purposes set forth in paragraph (A) of this subsection (5), providing that all handlers shall pay the price specified in such order for milk utilized for manufacturing purposes for all milk delivered to them by producers who were not, upon the effective date of such order, regularly selling milk for consumption in the area covered thereby, for the period of 90 days from and after the commencement of deliveries by such producers, respectively.

"(E) Providing for the verification of weights, sampling, and testing of, and security for the payment for, milk purchased.

"(F) Nothing contained in this subsection (5) is intended or shall be construed to prevent a cooperative marketing association qualified under the provisions of the act of Congress of February 18, 1922, as amended, known as the 'Capper-Volstead Act', engaged in making collective sales or marketing of milk or its products for the producers thereof, from blending the net proceeds of all of its sales in all markets in all use classifications, and making distribution thereof to its producers in accordance with the contract between the association and its producers: *Provided*, That is shall not sell milk or its products to any handler for use or consumption in any market at prices less than the prices fixed pursuant to paragraph (A) of this subsection (5) for such milk.

## "TERMS—OTHER COMMODITIES"

"(6) In the case of fruits (including pecans and walnuts but not including apples and not including fruits for canning) and their products, tobacco and its products, vegetables (not including vegetables for canning) and their products, and naval stores as defined in the Naval Stores Act, orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7)) no others:

"(A) Limiting, or providing methods for the limitation of, the total quantity of any such commodity or product, or of any grade, size, or quality thereof, produced during any specified period or

periods, which may be marketed in or transported to any or all markets during any specified period or periods by all handlers thereof.

"(B) Allotting, or providing methods for allotting, the amount of such commodity or product, or any grade, size, or quality thereof, which each handler may purchase from or handle on behalf of any and all producers thereof, during any specified period or periods, under a uniform rule based upon the amounts produced or sold by such producers in such prior period as the Secretary determines to be representative, or upon the current production or sales of such producers, or both, to the end that the total quantity thereof to be purchased or handled during any specified period or periods shall be apportioned equitably among producers.

"(C) Allotting, or providing methods for allotting, the amount of any such commodity or product, or any grade, size, or quality thereof, which each handler may market in or transport to any or all markets, under a uniform rule based upon the amounts which each such handler has available for current shipment, or upon the amounts shipped by each such handler in such prior period as the Secretary determines to be representative, or both, to the end that the total quantity of such commodity or product, or any grade, size, or quality thereof, to be marketed in or transported to any or all markets during any specified period or periods shall be equitably apportioned among all of the handlers thereof.

"(D) Determining, or providing methods for determining, the existence and extent of the surplus of any such commodity or product, or of any grade, size, or quality thereof, and providing for the control and disposition of such surplus, and for equalizing the burden of such surplus elimination or control among the producers and handlers thereof.

"(E) Establishing, or providing for the establishment of, reserve pools of any such commodity or product, or of any grade, size, or quality thereof, and providing for the equitable distribution of the net return derived from the sale thereof among the persons beneficially interested therein.

"(F) Fixing, or providing methods for fixing, minimum prices at which any such commodity or product, or any grade, size, or quality thereof, shall be purchased by the first handlers subject to such order: *Provided*, That such first handlers, as a group, purchase or otherwise acquire not less than 50 percent of the total quantity of the commodity or product covered by such order directly from producers or associations of producers.

## "TERMS COMMON TO ALL ORDERS"

"(7) In the case of the agricultural commodities and the products thereof specified in subsection (2) orders shall contain one or more terms and conditions:

"(A) Prohibiting unfair methods of competition and unfair trade practices in the handling thereof.

"(B) Providing for the selection by the Secretary of Agriculture, or a method for the selection, of an agency or agencies and defining their powers and duties, which, among other things, shall include the powers:

"(i) To administer such order in accordance with its terms and provisions;

"(ii) To make rules and regulations to effectuate the terms and provisions of such order;

"(iii) To receive, investigate, and report to the Secretary of Agriculture complaints of violations of such order; and

"(iv) To recommend to the Secretary of Agriculture amendments to such order.

No person acting as a member of an agency established pursuant to this paragraph (B) shall be deemed to be acting in an official capacity, within the meaning of section 10 (g) of this title, unless such person receives compensation for his personal services from funds of the United States.

"(C) Incidental to, and not inconsistent with, the terms and conditions specified in subsections (5), (6), and (7) and necessary to effectuate the other provisions of such order.

## "ORDERS WITH MARKETING AGREEMENT"

"(8) Except as provided in subsection (9) of this section, no order issued pursuant to this section shall become effective until the handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of not less than 50 percent of the volume of the commodity or product thereof covered by such order have signed a marketing agreement, entered into pursuant to section 8b of this title, which regulates the handling of such commodity or product in the same manner as such order.

## "ORDERS WITH OR WITHOUT MARKETING AGREEMENT"

"(9) (A) Any order issued pursuant to this section shall become effective in the event that, notwithstanding the refusal or failure of handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of more than 50 percent of the volume of the commodity or product thereof covered by such order to sign a marketing agreement relating to such commodity or product thereof, on which a hearing has been held, the Secretary of Agriculture, with the approval of the President, determines:

"(1) That the refusal or failure to sign a marketing agreement (upon which a hearing has been held) by the handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of more than 50 percent of the



volume of the commodity or product thereof specified therein tends to prevent the effectuation of the declared policy of this title with respect to such commodity or product, and

"(2) That the issuance of such order is the only practical means of advancing the interests of the producers of such commodity pursuant to the declared policy, and is approved or favored by at least two-thirds of the producers who, during a representative period determined by the Secretary, have been engaged in the production for market of the commodity specified in such marketing agreement or order, or by producers who, during such representative period, have produced for market at least two-thirds of the volume of such commodity produced for market during such period.

#### "MANNER OF REGULATION AND APPLICABILITY

"(10) No order shall be issued under this section unless it regulates the handling of the commodity or product covered thereby in the same manner as, and is made applicable only to persons in the respective classes of industrial or commercial activity specified in, a marketing agreement upon which a hearing has been held.

#### "REGIONAL RULE

"(11) (A) No order shall be issued under this section which is applicable to all production areas or marketing areas, or both, of any commodity or product thereof unless the Secretary finds that the issuance of several orders applicable to the respective regional production areas or regional marketing areas, or both, as the case may be, of the commodity or product would not effectively carry out the declared policy of this title.

"(B) Except in the case of milk and its products, orders issued under this section shall be limited in their application to the smallest regional production areas or regional marketing areas, or both, as the case may be, which the Secretary finds practicable, consistently with carrying out such declared policy.

"(C) All orders issued under this section which are applicable to the same commodity or product thereof shall, so far as practicable, prescribe such different terms, applicable to different production areas and marketing areas, as the Secretary finds necessary to give due recognition to the differences in production and marketing of such commodity or product in such areas.

#### "COOPERATIVE ASSOCIATION AMENDMENT

"(12) Whenever, pursuant to the provisions of this section, the Secretary is required to determine the approval or disapproval of producers with respect to the issuance of any order, or any term or condition thereof, or the termination thereof, the Secretary may consider the approval or disapproval by any cooperative association of producers, bona fide engaged in marketing the commodity or product thereof covered by such order, or in rendering services for or advancing the interests of the producers of such commodity, as the approval or disapproval of the producers who are members of, stockholders in, or under contract with, such cooperative association of producers.

#### "RETAILER AND PRODUCER EXEMPTION

"(13) (A) No order issued under subsection (9) of this section shall be applicable to any person who sells agricultural commodities or products thereof at retail in his capacity as such retailer, except to a retailer in his capacity as a retailer of milk and its products.

"(B) No order issued under this title shall be applicable to any producer in his capacity as a producer.

#### "VIOLATION OF ORDER

"(14) Any handler subject to an order issued under this section, or any officer, director, agent, or employee of such handler, who violates any provision of such order (other than a provision calling for payment of a pro rata share of expenses) shall, on conviction, be fined not less than \$50 or more than \$500 for each such violation, and each day during which such violation continues shall be deemed a separate violation: *Provided*, That no person shall be convicted under this title because of any violation of any order or of any obligation imposed in connection therewith, if such violation occurs between the date upon which such person files with the Secretary a petition, with respect to such order or obligation, as provided for in subsection (15), and 5 days after the Secretary enters a ruling thereon.

#### "PETITION BY HANDLER AND REVIEW

"(15) (A) Any handler subject to an order may file a written petition with the Secretary of Agriculture, stating that any such order or any provision of any such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary of Agriculture, with the approval of the President. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

"(B) The District Courts of the United States (including the Supreme Court of the District of Columbia) in any district in which such handler is an inhabitant, or has his principal place of business, is hereby vested with jurisdiction in equity to review such ruling, provided a bill in equity for that purpose is filed within 20 days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the bill of complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings

as, in its opinion, the law requires. Nothing contained in this subsection (15) shall be construed to prevent, hinder, or delay the United States or the Secretary of Agriculture from pursuing the remedies provided for in section 8a (6) of this title. Any proceedings brought pursuant to section 8a (6) of this title (except where brought by way of counterclaim in proceedings instituted pursuant to this subsection (15)) shall abate whenever a final decree has been rendered in proceedings between the same parties, and covering the same subject matter, instituted pursuant to this subsection (15).

#### "TERMINATION OF ORDERS AND MARKETING AGREEMENTS

"(16) (A) The Secretary of Agriculture shall, whenever he finds that any order issued under this section, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this title, terminate or suspend the operation of such order or such provision thereof.

"(B) The Secretary shall terminate any marketing agreement entered into under section 8b, or order issued under this section, at the end of the then current marketing period for such commodity, as specified in such marketing agreement or order, whenever he finds that such termination is favored by a majority of the producers who, during a representative period determined by the Secretary, have been engaged in the production for market of the commodity specified in such marketing agreement or order, provided that such majority have during such representative period produced for market more than 50 percent of the volume of such commodity produced for market during such period, but such termination shall be effective only if announced on or before such date (prior to the end of the then current marketing period) as may be specified in such marketing agreement or order.

"(C) The termination or suspension of any order or amendment thereto or provision thereof, shall not be considered an order within the meaning of this section.

#### "PROVISIONS APPLICABLE TO AMENDMENTS

"(17) The provisions of this section, section 8d, and section 8e applicable to orders shall be applicable to amendments to orders."

Mr. JONES. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. JONES: Page 9, line 24, after the word "thereof", insert the word "only."

The amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Mr. MARTIN of Colorado offers the following amendment: At the end of line 13, page 10, strike out the period and add the words "and edible dried beans."

Mr. JONES. Mr. Chairman, I suggest to the gentleman from Colorado that edible dried beans are vegetables. The only reason that the soybean is included is that the soybean, as sometimes happens, is not classified as a vegetable horticulturally. I am sure the edible dried bean is a vegetable and unless the gentleman has some reason to show that they are not so classified, I hope the amendment will not be agreed to.

Mr. MARTIN of Colorado. I would like to take up the 5 minutes in order to get the situation before the House. I have not had any time.

Mr. JONES. The soybean is used not only for food but for other purposes. It so happens that some authorities classify the soybean as a vegetable and others do not, horticulturally. Usually it is not classified as a vegetable. The edible dried bean I am sure is a vegetable.

Mr. MARTIN of Colorado. Are edible dried beans included in the word "vegetables" so as to make it unnecessary to specify it?

Mr. JONES. The word includes all these commodities named and the products thereof. Edible dried bean would either be a vegetable or the product of a vegetable.

Mr. MARTIN of Colorado. I want to use my 5 minutes to get the situation before the committee.

Mr. JONES. I hope the gentleman will not insist upon putting this in the bill.

Mr. MARTIN of Colorado. Mr. Chairman, I have not had any time to give any consideration to this amendment. If there is any Member here who knows any way by which a man can get time to consider anything, I wish he would let me in on it. I consider myself fortunate to be permitted to be present while the agricultural amendments are being considered, so that I can find out something about them.

Mr. Chairman, the bean is a very valuable agricultural commodity in the United States. It is a major agricultural



commodity in California. It is a big thing in Idaho, it is a big thing in Wyoming, and Colorado, and New Mexico. It is an important industry in Michigan, and in New York and in other States. I worked for a year to get a marketing agreement. After 8 or 10 drafts, occupying much time in hearings, regional and national, there was worked out what the Department of Agriculture said was the finest marketing agreement that had ever been produced under that Department, but it failed of adoption for two reasons. One was that the dealers held out for fixed margins, and fixed resale prices. And the other was the drought, which came along and killed the bean crop of 1934 and sent beans sky-high in price, so that a lot of the growers said, "We are going to get all we want for beans without any marketing agreement", so they failed to sign up. Mr. Chairman, I am neither a prophet nor the son of a prophet, but I predicted something last year in the national meeting in the city of Denver, which has been verified to me by the Department of Agriculture since the House convened today. I said, "If you fellows don't get together and adopt the marketing agreement to regulate this product, the first good crop year that comes along you will plaster this country with beans from Mexico to Canada and they will not be worth pulling out of the ground, just as they were not worth pulling out of the ground in 1933." My secretary came here a few moments ago to say that he had been called up by someone in the Department of Agriculture, with the information 1935 is going to be that kind of a year on the bean crop, and they will raise so much that they will not be worth pulling out of the ground.

It has been demonstrated in agriculture, and it will be demonstrated in industry with the passing of N. R. A., that the people cannot do what they ought to do or what they really want to do without the guiding and helping hand of the Government.

To meet that situation I introduced a bill making edible dried beans a basic commodity. Senator Couzens introduced the same bill in the Senate. The truth is that my bill is the Couzens bill with my name on it. I hope somewhere along the line, either here or in the Senate, edible dried beans will be made a basic commodity. Edible dried beans are a really more important agricultural commodity than the name might indicate to gentlemen. I hope they will be taken care of under these amendments, so that in the marketing of the crop prices may be protected to the grower, as was proposed in the marketing agreement.

Mr. HOPE. Has the gentleman inquired of the officials of the Department of Agriculture whether edible dried beans are included in their definition of "vegetables"?

Mr. MARTIN of Colorado. The gentleman from Kansas asks me whether I had inquired of the Department of Agriculture whether edible dried beans were included in the word "vegetables." I have not; but I just stated that my secretary came here a few minutes ago and said he was called up by someone in the Department of Agriculture, where my activities in behalf of this commodity are well known, with the suggestion that I undertake to get this amendment in the bill. So evidently they do not consider it within the word "vegetables" in the bill, and that is why I have proposed the amendment.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has again expired.

Mr. LEE of Oklahoma. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the soybean is not generally considered an edible vegetable. It is a hay. It is a legume sowed like clover for the purpose of hay. I have a belief that if we include dried beans we would then have to name every possible edible vegetable that is used in a cured form, or else by naming one we would automatically eliminate the others. Therefore I oppose the amendment. I think the gentleman's beans are in no danger whatever. I think they would be classified as a vegetable.

Mr. DOBBINS. Will the gentleman yield?

Mr. LEE of Oklahoma. I yield.

Mr. DOBBINS. I would not like the inference that soybean is a term applying to hay only to remain unchallenged. Soybeans in a great part of the country are not marketed in the form of hay at all, but are marketed in the matured form of the shelled beans. I am sure it is the intention of the committee, in reporting this bill out, to include shelled beans in the scope of the legislation, as well, perhaps, as the green bean plant when cut for hay. It happens that in our own State of Illinois more soybeans are grown for market than in all the other States, and one of the largest processing plants utilizing this crop is located in my own district. In cooperation with my colleagues from six or eight districts in Illinois, where soybeans constitute a money crop of increasing importance, I have devoted considerable effort to impress upon the Committee on Agriculture the necessity of protecting our bean market through the inclusion of this commodity in the terms of this bill. In that effort we had the influential and intelligent support of the president of the Illinois Agricultural Association and of the president of the American Farm Bureau Federation.

I am sure that all of us had in mind primarily the matured beans themselves more than the immature bean plant in the form of hay as the crop that will be in need of protection against price reductions. Therefore I should not like this debate to close without this statement as a precaution against some adventitious court decision in the future that might possibly construe this language in the bill as applying to hay only, on the strength of what the gentleman from Oklahoma has said.

Mr. MARTIN of Colorado. The word "soybeans" certainly would not include the Great Northern, the White Navy, the Pinto, or any of the great bean varieties in this country.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. LEE] has expired.

Mr. JONES. I ask for recognition. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. The gentleman said if we put "edible dried beans" in we might as well put everything else in. I am in favor of putting in everything else that we can help in this way. There is a separate potato bill pending; there is a separate rice bill pending. The rice people came to grief just like the bean people did, only they had signed up all but 2 percent of the growers and 7 percent of the producers, but that little 7 percent of chiselers killed the rice marketing agreement in Louisiana. I think it is a matter of extreme importance to a great agricultural industry to include it in this bill. If the bare inclusion is not sufficient, the bill can be perfected later on at the other end of the Capitol.

Mr. JONES. Mr. Chairman, there are several hundred bills pending before the Committee on Agriculture. That committee has worked practically every day hearing different people. It has not been the committee's intention to be discourteous if we have not acted on everything that has come up.

Mr. MARTIN of Colorado. I would not intimate anything of the sort. The gentleman from Texas is the able chairman of a hard-working committee, and we Members representing farm interests all admire and trust him.

Mr. JONES. In my judgment, I have no doubt at all but that the product to which the gentleman referred is included. Of course, marketing agreements may be made without any of these amendments. These orders may be applied where they do not all sign up with respect to these particular commodities. The act says "It shall be applicable only to the agricultural commodities and products thereof", which naturally would include all vegetables in every form. The term "soybeans" sounds like a vegetable, but it has been classified both ways. I have no doubt whatever, if the gentleman finds later that they have made such a ruling, which they have not made heretofore, the matter can be taken care of, and I will be glad to reconsider it.

Mr. MARTIN of Colorado. But that will be too late.



Mr. JONES. I will state to the gentleman that there is no question but that edible beans in any form are included. It might as well be said that if we say "all dogs are included" it would not include a shepherd dog.

Mr. MARTIN of Colorado. Is the gentleman willing to state that the word "vegetable" includes edible dry beans?

Mr. JONES. I am, in my judgment.

Mr. MARTIN of Colorado. I would rather see it voted into the act.

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has expired.

The question is on the amendment offered by the gentleman from Colorado [Mr. MARTIN].

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were ayes 8 and noes 72. So the amendment was rejected.

Mr. ANDRESEN. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. ANDRESEN: On page 14, after line 11, insert a new subsection, as follows:

"(g) No marketing agreement or order applicable to milk and its products in any marketing area shall prohibit the marketing in that area of any milk or product thereof produced in any production area in the United States."

Mr. JONES. Mr. Chairman, I will state that I think that is the meaning of the language as we have it now, but I have gone over it with several members of the committee at the gentleman's suggestion. It is simply clarifying and I have no objection to the adoption of the amendment.

Mr. SAUTHOFF. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. SAUTHOFF to the amendment offered by Mr. ANDRESEN: Strike out the word "prohibit" and insert in lieu thereof the words "limit or tend to limit."

Mr. SAUTHOFF. Mr. Chairman, the original amendment offered by the gentleman from Minnesota [Mr. ANDRESEN], I think, has considerable merit and it should be adopted, but it uses the word "prohibit." In other words, that there shall be no marketing agreement, order, or regulation which will prohibit. I am satisfied that the Secretary of Agriculture is never going to formulate or promulgate any order or marketing agreement that is going to directly prohibit any dairy product going from my State into any other State.

Wisconsin dairy products have found barriers erected against them by New York, Pennsylvania, and Massachusetts. This barring of Wisconsin dairy products is done under the specious argument that these States are thereby protecting the health of their citizens, but I submit that Wisconsin herds are as free from tuberculosis or Bang's disease as the herds in any of these States or any other State of the Union. Our farmers are being discriminated against unjustly, and I want to place some safeguard in this bill so as to protect them.

That is why I have changed the word "prohibit" to the words "limit or tend to limit." In other words, instead of putting in a direct limitation, I ask that the amendment be so altered that there can be no agreement, order, or regulation set up which would even tend to shut out the products of one State from another State.

I believe, therefore, Mr. Chairman, that the amendment should be amended as indicated.

Mr. JONES. Mr. Chairman, the adoption of the amendment of the gentleman from Wisconsin would absolutely wreck the whole milk program. In order to get away from the terrific conditions that have prevailed in the milk industry there is provided in the bill authority to fix a minimum price to producers. That, at least in a measure, would limit or tend to limit shipment, and yet the gentleman, I am sure, does not want to interfere with the price to producers. Then it is a universal custom in the marketing of milk to classify milk. This, in a way, is a limitation.

I am perfectly willing to adopt the first amendment suggested, because that simply treats all areas alike, for you could not prohibit someone from an outside area coming in so long as he complied with the conditions prescribed for that

area; but if you said that no restrictions or limitations could be required, it would wreck the program, it would destroy every vestige of a program we have for milk.

I ask that the amendment to the amendment be voted down.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to ask the distinguished chairman of the committee if in his opinion there is anything in this bill that gives to the Secretary of Agriculture or to anyone else any power to restrict the free flow of milk or any other commodity between the various States?

Mr. JONES. No; there is nothing in it that will do that. The only tendency is to make all sections comply with the same rules.

Mr. BOILEAU. I have the same understanding of the bill and I agree entirely with the chairman of the committee. I have taken it up with representatives of the Department of Agriculture and they have interpreted the language of the bill the same as has the chairman of the committee and as I have.

I have yet to find anyone who has specifically pointed out wherein this bill gives such power to the Secretary of Agriculture. The bill gives to the Secretary the right to issue these orders and it states that he shall issue orders containing any one or more of the provisions of that particular section and no others. Unless there is something in that particular part of the bill giving the Secretary the right to make such an order, then, of course, he would not have the power to impose such a restriction; and I have been unable to find any such provision in the bill.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. ANDRESEN. Fear has been expressed on the part of certain Members that some such power might be found in the bill. I offered my amendment, therefore, which the chairman of the committee consented to.

Mr. BOILEAU. I appreciate the gentleman's attitude.

Mr. ANDRESEN. It will do no harm.

Mr. JONES. I accept the amendment of the gentleman from Minnesota only on condition that the amendment of the gentleman from Wisconsin be rejected.

Mr. BOILEAU. Mr. Chairman, I agree with the gentleman from Minnesota that this can do no harm, but I do not think it is necessary.

Mr. JONES. I do not think it is necessary, either.

Mr. BOILEAU. If any one thinks there is danger in the provisions of this bill, I should be glad to have him point out where the danger lies.

Mr. HULL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, if there is nothing in this bill which would authorize the Secretary of Agriculture or any subordinate so to limit transportation or shipment of dairy products from one State into another, then the amendment of the gentleman from Minnesota as amended by the amendment of the gentleman from Wisconsin [Mr. SAUTHOFF] can do no harm.

The three States of Minnesota, Iowa, and Wisconsin, produce about 45 percent of the butter made in this country and we are interested in this matter of the shipment of dairy products to other States.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. HULL. I yield.

Mr. JONES. Would the gentleman object to the requirement that Chicago dealers pay the Wisconsin producer a minimum price?

Mr. HULL. Not at all.

Mr. JONES. That certainly would tend to limit.

Mr. HULL. This will not tend to limit, it will merely tend to prevent some man in the Agriculture Department from issuing an order that would stop the shipments of any dairy product from Wisconsin into the New York district, for instance, the Boston district, or the Chicago district, which is now being partially done under so-called "rulings" of boards of health.



Mr. JONES. The provision with reference to orders plainly states that in the case of milk and its products orders may contain the following conditions and none other. I think that is just as clear as it can be.

Mr. HULL. If that be the case, then there is no harm in this amendment as amended.

Mr. JONES. I have heard the gentleman from Wisconsin make speech after speech urging that a special price be given to producers, and I am surprised to hear him take the position he does here.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment to the amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Minnesota.

The amendment was agreed to.

Mr. MOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOTT: Page 10, line 13, after the word "soybeans", strike out the period and insert "and hops."

Mr. MOTT. Mr. Chairman, I am offering an amendment which in the opinion of the hop growers of the Pacific coast is necessary to the successful continuance of their industry, and which, so far as I have been able to learn, has not been objected to upon its merits. I desire to amend section 8 (c) (2) by adding, after the word "soybeans", in line 13, on page 10, the words "and hops."

The objection to this amendment is the objection of the chairman and the majority members of the committee, and that objection is not to the merit of the proposal. The objection is simply that the chairman does not want to change this section either by adding to or subtracting from any of the commodities named in the bill. I submit that that objection is not valid if the amendment offered is meritorious. The chairman has suggested that all amendments changing this section be offered in the Senate, in order to expedite the bill in the House. That, in my opinion, is not a proper objection, either.

Objection has also been heard that this amendment is not necessary in this bill because a separate bill is now pending to make hops a basic commodity. That is a separate proposal and should stand or fall on its own merits. What we are asking here is simply the right to make marketing agreements which will have the sanction of law.

Ninety percent of the hops grown in the United States are grown upon the Pacific coast. It is an industry which furnishes one of our largest cash-money crops. Thousands of people are employed every year in the harvesting of this crop. In the State of Oregon alone there are 20,000 acres devoted to the growing of hops, and last year there was paid out to common labor alone more than \$2,000,000. Several thousand people are employed every year in connection with the growing and harvesting of hops.

The reason this amendment is necessary is because the hop growers have very little control over their own industry, and they are obliged to sell their product for whatever is offered them. It costs 24 cents a pound to grow hops; yet the few hop buyers of the country, who virtually control the market, have got that industry so completely in their hands that they are paying now about 10 cents a pound for the hops which cost 24 cents a pound to grow. This condition has obtained for the last several years, and unless we can get some remedy whereby the hop growers on the Pacific coast are permitted to make a marketing agreement under which they will have something to say about the price they shall receive that industry is very likely to go out of business.

The immediate reason for the amendment is that hops are neither a vegetable nor a fruit, and Mr. McDrew, the hop specialist of the Agricultural Department, has stated before the subcommittee that on this account, unless hops are specifically named in this bill, no market agreement can be made in regard to that product.

The amendment which I have offered will injure no other industry. It is necessary for the protection of this industry,

and I trust it will be accepted and that the provisions of this bill may be extended to the hop growers of the Pacific coast.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there are two or three bills pending before the committee in reference to hops. I think there is a bill pending in both the House and Senate which would make hops a basic commodity. We have included certain products in this bill, outlining what the orders may contain. It is necessary that these be very definite. There is provision for marketing agreements in the present bill and any time the hop growers out there can get a marketing agreement signed they may go forward with the marketing agreement.

I do not want to load this bill down with a great many things, even though there might be some merit in including some of them, until it is determined what course they want to pursue. I think this commodity should be excluded, and I therefore ask Mr. Chairman, that the amendment offered by the gentleman from Oregon be voted down.

Mr. MOTT. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Oregon.

Mr. MOTT. May I ask the gentleman if he is aware of the fact that more than 80 per cent of the hop growers of the Pacific coast have already signed the agreement and have been advised by the Department of Agriculture that unless hops are named in this bill their agreement will be of no avail and the only remedy they can get is to have the word "hops" inserted in this bill?

Mr. JONES. I think we better not include that item at this time.

Mr. MEAD. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from New York.

Mr. MEAD. In view of the fact that by the repeal of the prohibition law we opened up a large market for the hop industry, and also in view of the fact that a number of States which are going back to the production of hops would be excluded from increasing their acreage if the amendment offered by the gentleman from Oregon is adopted, I feel that this particular industry should be given ample time to develop and that there should not be any restrictions placed upon it at this time. Hop growers in my State who produced a very large volume of hops some years ago went out of this business during prohibition. They are returning to the production of hops now, and it would be unfair to put this restriction upon them, which, I understand, would result if the amendment offered by the gentleman from Oregon is adopted.

Mr. KNUTE HILL. In our State the wheat growers and hog growers have voted 12 to 1 for this. If it is good for them, why would it not be good for the hop growers?

Mr. JONES. That is only on the regular processing fee. There is a bill pending to make hops a basic commodity, but it is not involved here. That is a different bill altogether.

Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 11 minutes.

Mr. SNELL. Mr. Chairman, reserving the right to object, I should like to have a couple of minutes to ask the Chairman of the Agricultural Committee a few questions.

Mr. REED of New York. I should also like to have 5 minutes.

Mr. FOCHT. I desire 5 minutes also.

Mr. JONES. Mr. Chairman, I modify my request and ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all speeches under the 20-minute limitation may be limited to 4 minutes, with the exception of the time to be allotted to the gentleman from Pennsylvania, who asked for 5 minutes.



The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. FOCHT. Mr. Chairman, during yesterday and today while this bill has been under consideration, I have followed it with great interest and much concern. Even though many of the Members may not realize it, I represent a great agricultural district in Pennsylvania. Agriculture in Pennsylvania is of predominant interest and concern to the people. When I tell you that Pennsylvania ranks seventh in the list of agricultural States in the Western Hemisphere you may have reason to believe that I am concerned in agriculture, representing, as I do, one of those great districts. Furthermore, for many, many years, the people engaged in the agricultural industry east of the Allegheny Mountains have not been able to raise enough to supply the people of that section of the country with sufficient food. Therefore, we are sincerely concerned about the material welfare of the West and are always ready to help by way of a tariff or otherwise.

The gentleman from Kansas offers a challenge to the Eastern States in regard to the protective tariff not helping the farmers. Every Member from Pennsylvania I have ever known in the past 20 years has willingly and gladly, as I have and always will, voted for a protective tariff for the great agricultural industry of the country, because agriculture is the queen of all occupations. We all know that and admit it. While I regard this bill as almost impotent, in view of the decision of the Supreme Court, certainly my State of Pennsylvania is safe from any oppressive measures which may be adopted against the farmer or against anyone else—by Secretary Wallace or any other contingent part of the oligarchy that offers the most absurd and indefensible object of reducing agricultural acreage, destroying hogs and at the same time, under the flexible tariff, which gives the President full power to the extent of 50 percent, allow the importation of millions of pounds of butter, lard, cattle, and cottonseed meal.

I expect to stand for this bill as long as it contains anything that will benefit the farmer, but when the gentleman talks about the tariff not helping the farmer, I want you to admit the eternal truth which you cannot deny and cannot divide. The industry of agriculture is amply protected by the tariff, and if it is not, just propose one and everybody from the East will be in favor of it. I am hoping one of these days to see just what the 20 Democratic Members from Pennsylvania are going to do about this great protective tariff that made Pennsylvania and the East and the whole country great and rich and strong. The hope in this is that we have individual opinions which make collective opinions, and here comes mine. Will you listen to me a moment when I tell you what I think is wrong about the whole business in endeavoring to restore the country to prosperity? You have begun at the wrong side. You have begun at the side of production, forcing production on people who do not have the money to pay for it. Put the big industries into operation, which a properly applied tariff will do, thus creating consuming power and giving work to everyone. Start at the consuming side of this question and production will take care of itself. [Applause.]

#### AMERICA FOR AMERICANS

WASHINGTON, June 17.—Criticizing "the substitute offered by the President for the N. R. A.", Representative BENJAMIN K. FOCHT said today, "It may have its uses in covering the retreat before the sweeping decision of the Supreme Court, but the very name is discredited and it can be of little more value than substitutes usually are."

"In some instances," Focht continued, "the N. R. A. was working, but according to Senator BORAH only in cases where monopolies made their own codes which were invariably to the disadvantage of the little fellow or small dealer, while the antitrust laws were being disregarded."

"Mark Twain said of a man that he 'was only half as bad as he would be if there were two of him.' In this case of the N. R. A., if the stronger law failed ignominiously, how could this last and weaker proposal be of any effect or do more than cause controversy, which it might be well to avoid at this time."

Focht advised Roosevelt to "accept his failure to substitute dictatorship for representative government, to acknowledge the errors of the socialistic philosophy he has espoused, and to devote the remainder of his term to upholding America for Americans."

Mr. SNELL. Mr. Chairman, I rise in opposition to the pro forma amendment to ask the chairman of the committee a question.

I would like to get an interpretation of the language in lines 13 to 17, on page 12.

For instance, in my home State there are two large buyers of milk—Sheffield Dairies and the Dairymen's League. Does this language mean they must both pay exactly the same price for the milk, regardless of whether the milk is used for manufacturing purposes or for distribution as fluid milk?

Mr. JONES. No; they may have classifications with different prices for the different classifications. This is in accordance with the present custom. Insofar as possible, in handling all these matters, so they have advised us, they will use local committees and local customs and methods of handling. It is necessary to have different classes of milk, according to its use, and there will be a different price for the different uses and the different classifications when the custom or the need requires it.

Mr. SNELL. Then this language does not apply to that part of it?

Mr. JONES. That is correct.

Mr. SNELL. Are both of these companies obliged by this language to pay exactly the same price to the producer for milk?

Mr. JONES. They are, if it is for the same purpose.

Mr. SNELL. I wanted the gentleman to be very definite about that.

Mr. JONES. There may be some production and valuation differential where there is a little difference in shipment or in the freight rate, but that is only to take care of that particular situation; and, practically speaking, it will be the same price for the same quality or the same character of milk intended for the same use.

Mr. SNELL. That is what I had in mind.

Mr. JONES. Yes.

Mr. SNELL. Then, in a town in the northern part of New York, where both of these companies are buying milk, according to this bill they both must pay exactly the same price for the same grade of milk.

Mr. JONES. For the same grade and for the same use—that is correct.

Mr. LEA of California. Mr. Chairman, I rise in support of the amendment of the gentleman from Oregon [Mr. MORT] to include hops among the nonbasic commodities.

A suggestion was made by the gentleman from New York that if hops should be included there would be restrictions on production that would exclude other States from this production. Under this bill there would be regional control. It would apply only to the Pacific coast unless New York wanted in. If it developed that we restricted production on the Pacific coast, or if we increased prices in the national market, this would accrue to the advantage of New York instead of to her disadvantage. She would share the benefits without the sacrifices that the Pacific coast industry would make. The present prices afford no inducement for anybody to plant hops in New York or elsewhere.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. LEA of California. Yes; briefly.

Mr. PIERCE. I would like to have a definition of what the gentleman means by a nonbasic commodity. That is the reason I failed to get it included in committee. I made the motion but it was ruled out of order.

Mr. LEA of California. The gentleman from Oregon has proposed this amendment at the appropriate place in the bill. The basic commodities are specified. For them processing taxes may be levied. This amendment does not ask that privilege for hops.

The hops industry is a small one. It includes only 35,000 acres, but the annual labor employment exceeds an average of over \$100 per acre. Hops are one of the most expensive agricultural products from the standpoint of labor employment in the United States. The industry gives direct employment to 40,000 persons a year.

For more than a year the hops industry has been endeavoring to get into a marketing agreement. A referendum was



called recently and 82 percent of the growers in the Pacific Coast States took part in this referendum. It is now reported that in these three States the total vote was nearly 5 to 1 in favor of joining in a marketing agreement. The industry is now demoralized. Prices are only 50 percent of the production costs. Shall we now thwart their efforts to improve the situation?

If this plan is good for some, why is it not good for an industry like hops, where it is regarded of so much importance, and where the growers are so unanimously for it?

My colleague the gentleman from South Carolina [Mr. FULMER] was on the subcommittee of the Committee on Agriculture, which had hearings on the bill, proposing to make hops a basic commodity. This amendment does not propose that. This amendment asks for no processing tax for the benefit of the hop industry. We simply ask that the hop industry be given this opportunity to help itself.

My colleague the gentleman from South Carolina [Mr. FULMER] advises me that after contacting the Department of Agriculture upon the question, it was stated the Department had no objection to the inclusion of hops in this bill. If the policy of this bill is good for any commodity, it ought to be good for hops. I see no justice in excluding them.

So far as I am concerned, I think it regrettable that the committee has seen fit to discriminate between industries regardless of any logical basis of discrimination. Some are put in without much reason, and some of these products, where the industry has been heartily in favor of coming in, have been rejected without any reason. There is no logical basis for discrimination between this and other products included. So far as I am concerned, I believe the growers of every agricultural product ought to have an opportunity, when they show a sufficiently strong favorable sentiment, to be included in this bill and treated on a basis of equality. When they can qualify under equal standards they should be treated equally.

I believe this is a very meritorious amendment proposed by the gentleman from Oregon. The industry strongly wants it, and I hope it will be adopted.

Mr. CITRON. Mr. Chairman, I move to strike out the last word in order to ask the chairman of the committee a question. In view of the fact that this act permits certain farm interests to make voluntary agreements to protect themselves against unfair trade practices, I would like to ask the chairman of the committee to explain why the industry of poultry raising and egg production have not been included?

Mr. JONES. As far as the voluntary agreements are concerned, they can still make the voluntary agreements under the original act, but they cannot have the orders enforced.

Of course, the poultry industry under the decision of the Supreme Court almost immediately becomes local, and so it is not thought practical to include it. A number of other commodities may ask to be included.

The gentleman's question indicates how impossible it is to include every commodity. Wool, mohair, poultry, and different character of nuts have been suggested. Definite plans would be necessary as to each of them. It is not possible to include every commodity.

Mr. Chairman, I ask that the amendment be voted down.

The CHAIRMAN (Mr. CARY). The question is on the amendment offered by the gentleman from Oregon [Mr. MOTT].

The question was taken; and on a division (demanded by Mr. MOTT) there were 28 ayes and 67 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 6. The Agricultural Adjustment Act, as amended, is further amended by striking out subsection (4) of section 8 thereof and adding after section 8c thereof the following new sections:

"BOOKS AND RECORDS

"SEC. 8d. (1) All parties to any marketing agreement, and all handlers subject to an order, shall severally, from time to time, upon the request of the Secretary, furnish him with such information as he finds to be necessary to enable him to ascertain and determine the extent to which such agreement or order has been carried out or has effectuated the declared policy of this title, and with such information as he finds to be necessary to determine whether or not there has been any abuse of the privilege of exemp-

tions from the antitrust laws. Such information shall be furnished in accordance with forms of reports to be prescribed by the Secretary. For the purpose of ascertaining the correctness of any report made to the Secretary pursuant to this subsection, or for the purpose of obtaining the information required in any such report, where it has been requested and has not been furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, or memoranda, as he deems relevant and which are within the control (1) of any such party to such marketing agreement, or any such handler, from whom such report was requested or (2) of any person having, either directly or indirectly, actual or legal control of or over such party or such handler or (3) of any subsidiary of any such party, handler, or person.

"(2) Notwithstanding the provisions of section 7, all information furnished to or acquired by the Secretary of Agriculture pursuant to this section shall be kept confidential by all officers and employees of the Department of Agriculture and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the marketing agreement or order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (A) the issuance of general statements based upon the reports of a number of parties to a marketing agreement or of handlers subject to an order, which statements do not identify the information furnished by any person, or (B) the publication by direction of the Secretary, of the name of any person violating any marketing agreement or any order, together with a statement of the particular provisions of the marketing agreement or order violated by such person. Any such officer or employee violating the provisions of this section shall upon conviction be subject to a fine of not more than \$1,000 or to imprisonment for not more than 1 year, or to both, and shall be removed from office.

"DETERMINATION OF BASE PERIOD

"SEC. 8e. In connection with the making of any marketing agreement or the issuance of any order, if the Secretary finds and proclaims that, as to any commodity specified in such marketing agreement or order, the purchasing power during the base period specified for such commodity in section 2 of this title cannot be satisfactorily determined from available statistics of the Department of Agriculture, the base period, for the purposes of such marketing agreement or order, shall be the post-war period, August 1919-July 1929, or all that portion thereof for which the Secretary finds and proclaims that the purchasing power of such commodity can be satisfactorily determined from available statistics of the Department of Agriculture."

Mr. REED of New York. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to extend my remarks and include therein certain excerpts from legal decisions and newspaper articles.

There was no objection.

Mr. REED of New York. Mr. Chairman, the provisions in this bill, H. R. 8492, which attempts to legalize, ratify, and confirm the illegal acts heretofore committed by this administration under the A. A. A., and by the adoption of these amendments to debar the taxpayers from recovering such illegal taxes imposed by the Government under that act is an example of legislative and executive tyranny, the ultimate consequences of which are startling and fearful to contemplate.

There are times when the deadly parallels of history are interesting and instructive. Magna Carta had its birth more than seven centuries ago. It faced many bitter contests for hundreds of years before it was finally accepted by all of the rulers of the English-speaking race. The representatives of a united and outraged citizenry, insistent upon restoring and preserving their ancient rights under the law of the land, forced an arbitrary ruler to recognize those rights by forcing him to affix the royal seal to the great charter.

King John was long on promises and short on fulfillment. What a day for the English-speaking race, when on June 15, 1215, 720 years ago, the army representing the people camped on the meadow of Runnymede, while the chosen delegates met King John on what is now reverently called "Charta Island." The King hesitated, rebelled, and fumed, but he signed and sealed one of the greatest documents in all history. That immortal parchment, after the lapse of more than seven centuries, grips the imagination and stirs the affections of the entire English-speaking race.

What a picture. On one side was the powerful, arrogant King of a great nation, who had trampled under his feet the laws of the land, who had corrupted the courts, who



had taken away the liberties of the people, who had plundered them through taxation, who had broken down every defense which they had against arbitrary rule. On the other side stood the representatives of a brave, self-reliant, and undaunted people demanding from that King the restoration of the laws of their fathers. They did not cringe in the presence of royal power. They risked everything, even life itself, to regain the priceless heritage of liberty.

History records that when King John had reluctantly put his seal to the great charter, he returned to Windsor, and as he reflected upon the incidents of that eventful day and the arbitrary powers he had surrendered, he was seized with a fit of anger, and in his uncontrollable rage he rolled on the floor and chewed straws and sticks. The brain storm passed. The records reveal that he soon resumed his cunning and his craft. The wily King John, who had entered into a solemn covenant with the people, annulled the great charter in August 1215; then he promptly usurped the rights of the citizenry and reestablished his arbitrary rule.

Throughout the intervening years the everlasting principles protecting life, liberty, and property embodied in that sacred document were often overthrown, only "like truth crushed to earth", to rise again. The survival of the great charter ought to be an inspiration to every liberty-loving person, for it imparts the lesson that a free people, unless bereft of reason and of character, will never permanently surrender nor barter away the priceless heritage of freedom.

The Supreme Court of the United States is the great forum, the Runnymede, the Charta Island, the last refuge of the humblest citizen. While this great institution of impartial justice stands unimpaired the life, the liberty, and the property of every American citizen will be secure from legislative tyranny and arbitrary executive action. The Federal Constitution for 147 years has stood the test of every war and every economic storm. Under its beneficent and wise provisions the Nation has prospered and the people of the United States have enjoyed a measure of prosperity and liberty unknown to the citizens of any other nation.

How prophetic are the words of one of the distinguished fathers of our Federal Constitution, who almost a century and a half ago graphically portrayed that only under "a good constitution can liberty be enjoyed and be secure." Let me quote this man:

The influence of a good or bad constitution is not less powerful on the citizen, considered as individuals, than on the community, considered as a body politic. It is only under a good constitution that liberty—the priceless gift of heaven—can be enjoyed and be secure. This exalting quality comprehends, among other things, the manly and generous exercise of our powers, and includes, as its most delicious ingredient, the happy consciousness of being free.

What energetic, what delightful sensations must this enlivening principle diffuse over the whole man! His mind is roused and elevated, his heart is rectified and enlarged, dignity appears in his countenance, and animation in his every gesture and word. He knows that if he is innocent and upright, the laws and constitution of his country will insure him protection. He trusts that if to innocence and integrity he adds faithful and meritorious services, his country, in addition to protection, will confer upon him honorable testimonies of her esteem. Hence he derives a cheerful and habitual confidence; this pervades and invigorates his conduct and spreads a noble air over every part of his character. Hence, too, he is inspired with ardent affection for the public; this stimulates and refines his strongest patriotic exertions. His heart, his head, his hands, his tongue, his pen, his fortune, all he is and all he has, are devoted to his country's cause and to his country's call.

The distinguished jurist then paints a word picture of a person consigned to live under a constitution that suffers and permits tyranny and arbitrary rule. Again I quote:

A person of a very different description appears in view—pale, trembling, emasculated, faltering in his steps, not daring to look upwards, but, with marked anxiety, rolling his eager eyes on every side. Who is he? He is the slave of a bad constitution and a tyrannical government. He is afraid to act, or speak, or look. He knows that his actions and his words, however guarded, may be construed to be criminal; he knows that even his looks and countenance may be considered as the signs and evidences of treacherous thoughts and treasonable conspiracies; and he knows that the suspicion of his masters, upon any of these points, may be fatal; for he knows, that he is at the mercy of those, who, upon the slightest suspicion, may seize and hang him, who

may do whatever they please with him, and with all those who are dear to him.

What effects must this man's situation produce upon his mind and temper? Can his views be great and exalted? No. Such views, instead of being encouraged, would give offense; and he is well aware of what would follow. Can openness and candor beam from his soul? No. Such lights would be hateful to his masters; it must be extinguished. Can he feel affection for his country, its constitution, or its government? No. His country is his prison; its constitution is his curse; and its government is a rod of oppression, held continually over his head.

What must this man be? He must be abject, fawning, dastardly, selfish, disingenuous, deceitful, cunning, base—but why proceed in the disgusting detail? He must receive the stamp of servility fully impressed upon his person, on his mind, and on his manners.

Mr. Chairman, is it not evident that the great and good men who framed the Federal Constitution were well aware of the benefits to be derived under a good constitution? Is it not evident that they sought to anticipate and guard against tyranny, whether legislative or executive? Did it ever occur to the fathers of the Federal Constitution that a time might come when the legislative and the executive departments of the Government would join forces in establishing an executive dictatorship? They had sufficient penetration and vision to realize that without the violent overthrow of the Government by revolutionary forces, the liberties of the people guaranteed to them under the Constitution could not be taken from them by Executive usurpation unless surrendered to the Executive by an abject or by a venal Congress.

Those who are now active in attempting to set up a new form of government in place of our constitutional form have been brought to an abrupt halt in their efforts to do so by the Supreme Court. The recent decisions of this great tribunal have temporarily balked the plan, and these decisions have restored to the citizens of the United States some of their former constitutional liberties.

Figuratively speaking, if the report of the press conference at the White House following the Supreme Court decision was authentic, the ancient episode of rolling on the floor and chewing straws and sticks was most dramatically reenacted.

Mr. Chairman, I turn to another point. "New dealers" now raise their voice in opposition to the right of the Supreme Court to question the validity of an act of Congress, asserting that such a power was not contemplated by those who framed the Federal Constitution.

The views of Judge James Wilson with reference to the reasons why the Supreme Court of the United States should have the right and the power to declare an act of Congress unconstitutional is of interest, especially at this time, when, as I have said, men connected with this administration would have the people believe that the men who framed the Federal Constitution had not considered the question and did not contemplate granting any such power. This eminent jurist, whom I have had the honor to quote, delivered a series of lectures on law in the College of Philadelphia during the winter of 1790 and 1791. In one of these lectures he discussed the specific questions as to the power of the Supreme Court to declare unconstitutional a law enacted by Congress. At the time he delivered his views on the subject, the Supreme Court had not been called upon to consider the question. May I add that Judge Wilson was a member of the convention that framed the Federal Constitution, and he was chairman of the committee which reported the document. Here is what he had to say on the point:

From the Constitution, the legislative department, as well as every other part of government, derives its power; by the Constitution, the legislative, as well as every other department, must be directed; of the Constitution, no alteration by the Legislature can be made or authorized.

"In our system of jurisprudence, these positions appear to be incontrovertible. The Constitution is the supreme law of the land; to that supreme law every other power must be inferior and subordinate.

"Now, let us suppose that the Legislature should pass an act manifestly repugnant to some part of the Constitution, and that the operation and validity of both should come regularly in question before the Court, forming a portion of the judicial depart-



ment. In that department the 'judicial power of the United States' is vested 'by the people', who 'ordained and established' the Constitution. The business and the design of the judicial power is to administer justice according to the law of the land. According to two contradictory rules, justice, in the nature of things, cannot be administered. One of them must of necessity give place to the other. Both, according to our supposition, come regularly before the Court for its decision on their operation and validity. It is the right and it is the duty of the Court to decide upon them; its decision must be made, for justice must be administered according to the law of the land. When the question occurs: What is the law of the land? it must also decide this question. In what manner is this question to be decided? The answer seems to be a very easy one. The supreme power of the United States has given one rule; a subordinate power in the United States has given a contradictory rule; the former is the law of the land; as a necessary consequence, the latter is void, and has no operation. In this manner it is the right and it is the duty of a court of justice under the Constitution of the United States to decide.

"This is the necessary result of the distribution of power, made by the Constitution, between the legislative and the judicial departments. The same Constitution is the supreme law of both. If that Constitution be infringed by one, it is no reason that the infringement should be abetted, though it is a strong reason that it should be discountenanced and declared void by the other.

"The effects of this salutary regulation, necessarily resulting from the Constitution, are great and illustrious. In consequence of it the bounds of the legislative power are not only distinctly marked in the system itself, but effectual and permanent provision is made that every transgression of those bounds shall be adjudged and rendered vain and fruitless. What a noble guard against legislative despotism.

"This regulation is far from throwing any disparagement upon the legislative authority of the United States. It does not confer upon the judicial department a power superior, in its general nature, to that of the legislature; but it confers upon it, in particular instances, and for particular purposes, the power of declaring and enforcing the superior power of the Constitution—the supreme law of the land.

"This regulation, when considered properly, is viewed in a favorable light by the Legislature itself. 'It has been objected,' said a learned Member of the House of Representatives, in a late debate, 'that by adopting the bill before us, we expose the measure to be considered and defeated by the judiciary of the United States, who may adjudge it to be contrary to the Constitution, and therefore void, and not lend their aid to carry it into execution. This gives me no uneasiness. I am so far from controverting this right in the judiciary that it is my boast and my confidence. It leads me to greater decision on all subjects of a constitutional nature, when I reflect, that, if from inattention, want of precision, or any other defect, I should be wrong, there is a power in the Government, which can constitutionally prevent the operation of a wrong measure from affecting my constituents. I am legislating for a nation, and for thousands yet unborn; and it is the glory of the Constitution, that there is a remedy for the failures even of the Legislature itself.'

Mr. Chairman, may I call attention to the fact that the learned Member of the House of Representatives to whom Judge Wilson refers was Hon. Elias Boudinot, of New Jersey, a distinguished member of the bar. He was a Member of the Continental Congress 1777, 1778, and 1781-84; was President of the Congress 1782-83 and signed the treaty of peace with England. He was elected to the First, Second, and Third Congresses (Mar. 4, 1789-Mar. 3, 1795).

It is apparent from the lecture delivered by Judge Wilson, who sat in the Convention that framed the Federal Constitution, that under that Constitution the Supreme Court and all Federal courts are bound to measure the constitutionality of every legislative act by the supreme law of the land. I repeat that these views were expressed by this distinguished jurist before the Supreme Court had been called upon to pass upon the question. It is apparent from the statement made by Hon. Elias Boudinot, a Member of the House of Representatives, that as a legislator he did not question the doctrine.

The Chief Executive and his more vocal mouthpieces seem to resent the recent action of the Supreme Court in performing its duty under the Constitution. The President grows bitter when prevented from riding rough-shod over the supreme law of the land. The Chief Executive, now that his dictatorial powers have been partially curtailed and brought within constitutional limits, has displayed the temper of King John. Does he plan to further emulate that unfortunate ruler, ignore the people's rights and trample upon their liberties, should the opportunity present itself?

I have read with deep concern press reports as to the hostile attitude of President Roosevelt toward the Supreme Court of the United States. There was an article written

by Mark Sullivan, published in the New York Herald Tribune, June 14, 1935, in which the author points out that had the Supreme Court by its decision in the gold case have required the Government to pay in gold according to the terms of the bonds under the old standard of value, the President was all ready to resist the decision. I quote from Mr. Sullivan's article:

[From the New York Herald Tribune]

SPEECH SAID TO BE PREPARED

In anticipation of the possibility that the Court might call on the Government to pay, Mr. Roosevelt had prepared a plan. The plan contemplated direct refusal to obey the Court's possible order. The plan further contemplated a radio appeal to the country, asking for public endorsement of the President's refusal to obey.

The plan was revealed in a dispatch by Mr. Arthur Krock in the New York Times on February 21. The pertinent parts of Mr. Krock's dispatch read as follows:

"If the Supreme Court had ruled that the Government must pay \* \* \* the President would have addressed the people that night. \* \* \* Had this address \* \* \* been delivered, it would have marked the most sensational and historic episode in the constitutional history of the United States since Andrew Jackson said of a Supreme Court ruling: 'John Marshall has made this decision; now let him enforce it' \* \* \*. The writer tonight learned that a draft of the speech was prepared \* \* \*. Had the President delivered it the clearest issue yet presented by the new deal would have been made. \* \* \*. The helmsmen of the new deal do not question that the people would have rallied behind the President. \* \* \*. Delivery of the speech that was prepared would have opened a new and remarkable chapter in American history. \* \* \*. The speech, this writer learns, is still in the President's possession. Circumstances may arise which will require its delivery."

ROOSEVELT NOT BACKING DOWN

It may be asked now why the President did not deliver this speech to the country after the Supreme Court decision invalidating the N. R. A. 2 weeks ago. It would be a mistake to infer that the President backed away from his earlier position. On the contrary, as the public partly knows, the President's dissent from the Supreme Court's decision in the N. R. A. case was very strong and was accompanied by strong feeling.

The reason the President's speech prepared in anticipation of the Liberty bond decision could not be delivered after the N. R. A. decision lies in an essential difference between the two cases. The Supreme Court's decision in the Liberty bond case, had it been adverse to the Government, would have been an order to the administration to do something, to take an affirmative step, to pay money. This the administration could and would have simply refused to do. Thereafter nothing would have happened. The administration would have defied an order of the court, would have "defeated judgment", as lawyers say—and that would have been that.

In the N. R. A. case, however, the Court's decision against the administration was of a different nature. In the N. R. A. case the Court did not order the administration to do anything, hence there was nothing the administration could refuse to do. In the N. R. A. case the court merely decided that the citizens who were defendants—the Schechter brothers—need not pay the fines or incur the penalties which the N. R. A. statute said they must suffer. There was in the N. R. A. case no opportunity for Mr. Roosevelt to defy the Court in the sense of refusing to do something the Court ordered. Mr. Roosevelt's feeling could only be expressed as he did express it, in public expression of his hostile opinion of the decision.

A. A. A. CASE MAY BRING DEFIANCE

There is ahead another kind of case which, if the Court decides against the administration, may give the President the opportunity to refuse to obey an order of the Court. This will be one of the A. A. A. cases. Under the A. A. A. the administration collects what the administration calls a "processing tax" from manufacturers of cotton and other farm products. Some manufacturers have paid this tax under protest and are now suing the Government to get it back. If one of these cases should be decided by the Supreme Court against the Government the decision would call on the administration to take an affirmative step to return the money. This the administration could refuse to do.

In short, a triple-A case, if the Supreme Court decides it against the Government, may provide Mr. Roosevelt the opportunity for the kind of direct defiance of a Supreme Court order which Mr. Krock says President Roosevelt anticipated and prepared for in the Liberty bond case.

It is already clear that Mr. Roosevelt is willing and eager that challenge to the Supreme Court by words, such as he has already spoken, should be an issue before the country. It remains to be seen whether he is willing to make the issue one of defiance by deed. It is possible the issue in the latter form may be postponed until after next year's election. It is also possible Mr. Roosevelt may avoid defying any decision of the Court that is unanimous and may wait for one in which the Court divides.

I hope this press report does not register the attitude of the President toward the Supreme Court, nor accurately



reflect his intention to defy the Court in the event of future decisions by this great tribunal adverse to new-deal legislation.

If this press report be true, what an example of Executive contempt for the law of the land and for an independent judiciary, in duty bound to defend and protect the Constitution!

How different the calm and judicial admonition of Washington to his fellow countrymen to observe and obey in letter and in spirit the supreme law of the land; and especially to avoid transgressing the bounds by any act of usurpation. In his Farewell Address he said:

It is important likewise that the habits of thinking in a free country should inspire caution in those intrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department, to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominate in the human heart is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasions of the others, has been evinced by experiments ancient and modern, some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SAUTHOFF. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 26, line 6, after the comma and the word "accounts", add the following: "Federal income-tax reports."

Mr. JONES. I reserve the point of order, Mr. Chairman, that the amendment is not germane.

Mr. SAUTHOFF. Mr. Chairman, my point is this. My purpose is to give the Secretary of Agriculture power to examine the records, books, documents, papers, and so forth of processors and handlers in order to help him to make his orders. In order to help him I have added, in addition to the books, documents, papers, and so forth, "Federal income-tax reports", one of the best sources of information the Secretary could possibly have in order to get information upon which to base his orders and rulings.

Of course, I know that the original income-tax report will be filed with the Government, but there must be a copy of such report kept by the processor, or handler, for a period of 1 year and we can get at that and then the Department of Justice can compare that report with the original and also the books of the company and ascertain what the true facts really are.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. JONES. I think the gentleman could get that under the present amendment. After I see his amendment I think it is germane, but I think it is wholly unnecessary, for this reason. You have under this provision access to the records from which the income taxes are made up which, of course, goes behind them. What I fear is that if we adopt this, we might not be able to have access by implication to the State income-tax records.

Mr. SAUTHOFF. The difficulties we have always had in an attempt to examine the Federal income taxes were injunctive proceedings in the Federal court.

Mr. JONES. I want them examined, and they have authority not only to examine under the present language—

Mr. SAUTHOFF. No; there is no authority under this act. All the authority you have under this act is to go into the office of the processor and examine his books, but you cannot go into the income-tax department of the Treasury Department and examine their books. That is sound law. I do not have to refer to any of the attorneys of the Department, because we have had that question up in years gone by. It has been decided against the Government. Let us give the Government power and not hamstring it, and deprive it of opportunity to go in and examine income-tax reports. The processor's office is not the place where the income-tax reports are filed. They are filed either in Washington or in the regional office, and you have to be able not only to show the law on which you can stand to go in there and get it, but many times you have to go to court to get an order before you can look at income-tax reports. In the case of milk, in the last few years we had in the State of Wisconsin one dairy company, the president of which received a salary in a depression year, when the farmer could not even get cost of production, of \$206,000 a year, and in addition to that his wife drew down \$57,000 as an additional salary as vice president. Let us get at those records. That is the thing that I am after, and I hope that the Committee will vote in favor of this amendment. It is to be regretted that every time we of Wisconsin have made an effort to examine income-tax reports, whether State or Federal, every conceivable argument is brought forward to defeat such a proposal. Let us not handicap the Government in its effort to do something constructive. Let us give our departments every possible assistance.

Mr. JONES. Mr. Chairman, the gentleman evidently has drawn his amendment without thinking what it will do. The measure as written provides access to all the books, papers, records, accounts, correspondence, contracts, documents, or memoranda that he deems relevant and which are within the control of any such party. That is all he can get. If the gentleman would say copies of income-tax returns, then I am willing to accept the amendment, because even under the present language he can get facts from which those reports are made, but certainly the income-tax report itself is not in the control of the party whose books are made subject to examination. I shall not have any objection if the gentleman will say copies of income-tax reports.

Mr. SAUTHOFF. That will not do us any good.

Mr. JONES. He has to withhold copy for a year under the income-tax law. A man must keep his own records and a copy of the record from which they are made up. If the gentleman will look at the language of this measure he will see that the income-tax report itself goes to the Department and it is not any longer within his control. The subsequent language would nullify the effect of the gentleman's language. I withdraw any point of order on it, because I want them to have access to all of this. I reserved the point of order because my attention was distracted at the moment and I wanted to know what was in the amendment before I agreed to let it come in. If the language is properly drawn, I have no objection to his having this information. The gentleman says they are going into the books of these processors to see whether they are complying with the law. If he will say copies of income-tax reports which he has on file there—and that is all he could have—I will accept the amendment.

Mr. SAUTHOFF. I agree to that.

Mr. O'MALLEY. Might I suggest that we put in the language "certified copies of their income-tax reports."

Mr. JONES. They could require it in any form they want. I would not want to say sworn and certified copies, because I do not know what form of copies they keep. The originals are sworn to. Make it copies, and I shall agree to it.

Mr. SAUTHOFF. Very well.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the amendment be changed to make it "copies of income-tax returns."

The CHAIRMAN. Without objection, the amendment will be so modified.

There was no objection.



The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Modified amendment offered by Mr. SAUTHOFF: Page 26, line 6, after the comma following the word "records", insert "copies of Federal income-tax reports."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

Mr. JONES. Mr. Chairman, why have the word "Federal"? Let us give them access to copies of both the Federal and State returns.

I ask unanimous consent that the word "Federal" be stricken from the amendment, so that they may have access to copies of both Federal and State income-tax reports.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read the modified amendment, as follows:

Modified amendment offered by Mr. SAUTHOFF: On page 26, line 6, after the comma following the word "records", insert "copies of income-tax reports."

The modified amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the word "agreements" on page 27, line 3, be changed to "agreement." It is a typographical error.

The CHAIRMAN. Without objection, the change will be made.

There was no objection.

The Clerk read as follows:

Sec. 7. Subsection (5) of section 8 of the Agricultural Adjustment Act, as amended, is further amended by designating said subsection as section 8f, by inserting said section at the end of section 8e, and by striking out the last sentence thereof.

Mr. KVALE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KVALE: On page 28, line 17, at the end of the section, add the following new section to be entitled "section 7 (a)":

"Sec. 7. (a) The Agricultural Adjustment Administration, as amended, is amended by adding after section 8 (f) the following new section:

"Sec. 8. (g) No agreement, marketing agreement, or order shall be executed or issued pursuant to the provisions of section 8, 8 (b), or 8 (c) of this title, unless such agreement, marketing agreement, or order shall contain provisions with respect to agricultural laborers, share tenants, and share croppers employed by any person who is a party to, or beneficiary of any such agreement or marketing agreement, or by any person who is subject to any such order:

"(A) Prohibiting the employment of children under the age of 16 years, and limiting the hours of labor during any 1 day for children between the ages of 16 and 18 years to 8 hours;

"(B) fixing minimum wages, maximum hours, and terms and conditions of employment or tenure which shall give such agricultural laborers, share tenants, and share croppers a fair and decent standard of living;

"(C) giving the right to such agricultural laborers, share tenants, and share croppers to organize and bargain collectively through representatives of their own choosing, and to be free from interference, restraint, or coercion of their employers or landlords, in the designation of such representatives, or in self-organization, or in any other concerted activities for the purpose of collective bargaining or any other mutual aid or protection; and

"(D) directing that no such agricultural laborer, share tenant, or share cropper, and no one seeking employment or tenancy with any such producer, processor, or landlord shall be required, as a condition of employment or tenancy to join any company union, or to refrain or agree to refrain from joining or from assisting a labor organization of his own choosing."

Mr. JONES. Mr. Chairman, I make a point of order against the amendment.

Mr. ANDRESEN. Will the gentleman yield before he makes the point of order?

Mr. JONES. I yield.

Mr. ANDRESEN. Does the gentleman mean that a farm lad under 16 years of age shall not perform labor on his father's farm?

Mr. KVALE. Not at all. That is not in anyway the purport or intent of this amendment.

Mr. ANDRESEN. The gentleman has a provision there that no one under 16 years of age can work on a farm.

Mr. KVALE. That is under employment conditions. That does not apply. The gentleman is facetious, I am sure.

The CHAIRMAN. Does the gentleman desire to be heard on the point of order?

Mr. JONES. No, Mr. Chairman.

The CHAIRMAN (Mr. Cox). The amendment is subject to a point of order. The point of order is sustained.

The Clerk read as follows:

Sec. 11. (a) Subsection (a) of section 9 of the Agricultural Adjustment Act, as amended, is amended by striking out all of the second sentence preceding the semicolon and inserting in lieu thereof the following: "When the Secretary of Agriculture determines that any one or more payments authorized to be made under section 8 are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation."

(b) The eighth sentence of such subsection (a) is amended by striking out "rental or benefit payments" and inserting in lieu thereof: "all payments authorized under section 8 which are in effect."

Mr. WIGGLESWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIGGLESWORTH: On page 29, line 21, after the word "proclamation", strike out the period, insert a colon and the words "Provided, That in lieu of any processing tax in respect to cotton there is hereby authorized to be appropriated out of money in the Treasury not otherwise appropriated such sums as may be required for the payment of such a tax."

Mr. JONES. Mr. Chairman, I make the point of order that that is not germane. This is a tax section, and an appropriation in lieu thereof would not be germane.

Mr. MARTIN of Massachusetts. Mr. Chairman, this is not an appropriation. This is an authorization.

Mr. JONES. But it is subject to the same point of order, Mr. Chairman. It is not germane to the text.

Mr. MARTIN of Massachusetts. Mr. Chairman, I believe it is clearly in order, because we are treating of processing taxes, and this simply provides how that payment shall be made. I think it is clearly within the subject under consideration.

Mr. WIGGLESWORTH. There are other exceptions made in the same paragraph of the original act.

The CHAIRMAN. Does the gentleman from Texas [Mr. JONES] wish to be heard further?

Mr. JONES. This is a tax provision authorizing taxes to be made under certain circumstances. An authorization for an appropriation is an entirely different subject matter from a tax for a particular purpose.

Mr. MARTIN of Massachusetts. Mr. Chairman, all these processing taxes go into the Federal Treasury, and are therefore a matter of authorization eventually.

Mr. JONES. That is right; but one is a tax measure and the other is an appropriation.

I think we would save time if I withdrew the point of order, Mr. Chairman. In order to save time I will withdraw the point of order, and we can vote on the amendment.

I ask unanimous consent, Mr. Chairman, that all debate on this section and all amendments thereto close in 11 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, this amendment speaks for itself, I think. It is offered with a view to removing the burden imposed on a single industry by the proposed processing tax on cotton and to obtaining the desired funds out of the general revenues of the Treasury. It is offered with a view to removing the burden of the tax from the shoulders of an industry which finds it extremely difficult at this time to meet that burden and which by its nature would seem to me to make the imposition of a processing tax contrary to the best interests of the Nation as a whole.

If the Members of the House could see at close range the conditions by which this industry represented by hundreds of organizations and hundreds of thousands of workers and their families in both the North and the South is confronted at this time, I am sure they would be sympathetic with the purpose of this amendment.

The cotton-goods industry, one of the oldest and largest industries in the Nation, has been fighting for self-preservation. The foreign market for cotton goods measured in



exports has been radically curtailed. Other nations are planning to take our place. The domestic market has been subjected to foreign importations which have been rapidly increasing. Plant after plant has closed. Hundreds of thousands of spindles have ceased operation. Thousands of workers of the textile industry have been added to the rolls of the unemployed since the first of the year.

The situation is, of course, the result of various factors. One of these factors, and a material factor in the overwhelming opinion of those primarily concerned, has been the processing tax imposed 2 years ago under the present administration.

The tax, insofar as this industry is concerned, has meant an added burden on the industry amounting to some \$200,000,000. With certain exceptions, it appears to have been out of the question to pass this burden on to the consumer. Those qualified to speak from actual experience advise me that the people of the country have not been given a fair picture in statements emanating from the Department of Agriculture. They advise me that the processing tax has amounted to from 8½ to 17½ percent of the total cost of various classes of finished goods based on N. R. A. prices. These figures are in respect to articles used by the great bulk of the population.

We should not lose sight of the nature of the cotton industry. In normal times no less than 50 percent of the cotton produced in America is placed in a foreign market. The inevitable tendency of the processing tax, as I see it, is to destroy that market by making it available to producers in other countries to the permanent detriment of hundreds of thousands of American workers and their families.

The road to reemployment is the road that leads through the preservation and encouragement of legitimate enterprise throughout the Nation. The adoption of this amendment would be a step in that direction. It would remove a burden from the shoulders of a single industry and its workers, suffering severely at this time. It would place it insofar as it is justified in the interest of the producers of the country squarely on the general revenues of the Treasury. This is where it belongs in all fairness.

I urge the adoption of the amendment.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I think the House will recognize that the amendment just offered has been the burden of my argument for some time, and I trust that it will be considered seriously. It is quite evident that the chairman of the committee seems to think that 11 minutes was sufficient for the consideration of this amendment, 10 minutes to the proponents and but 1 minute necessary to defeat it. In this act you have taken \$100,000 from the Treasury to pay administration expenses and benefit payments, and you change it now to make the \$100,000 available for any part of section 8. Two hundred thousand dollars is provided for the dairy and beef-cattle industry. They could not seem to bear the processing tax and you take the money from the General Treasury.

We have been unable to bear this tax in the cotton industry. We come to you with all the evidence of the last few weeks that has been presented and ask that an appropriation of less than \$200,000,000 be made and take the processing tax off cotton.

The processing tax largely caused our recent troubles. It was piled on the already added burden of N. R. A. and its codes. It was the last weight and is responsible for this situation in the cotton industry. The manufacturers have proven their case. It is a proper request that you help cotton just as you help the beef industry and the dairy industry. I think it is a perfectly fair request and ought to be more seriously considered than apparently is intended.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Chairman, I should like to be heard.

Mr. JONES. Mr. Chairman, how much time remains?

The CHAIRMAN. There is 1 minute remaining.

Mr. JONES. Mr. Chairman, how much time does the gentleman from Massachusetts desire?

Mr. MARTIN of Massachusetts. Under the circumstances I shall ask for but 2 minutes.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts may proceed for 2 minutes and that I, following him, may proceed for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Chairman, I spoke yesterday at length upon this subject and consequently will be brief at this time. There are very good reasons why we should treat cotton in accordance with the amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH]. At the present time a commission appointed by the President is investigating the entire cotton situation, but its report is not available. In order that President Roosevelt and Secretary Wallace may keep faith with the cotton industry we should delay action on the extension of the cotton processing tax. Why pronounce judgment before the jury gives the report? It is preposterous and decidedly unfair.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. ANDRESEN. Are the cotton processors unable to pass the processing tax on to the consuming public?

Mr. MARTIN of Massachusetts. That is the point; that is where cotton is different from other commodities.

Mr. ANDRESEN. They are not able to pass the processing tax on?

Mr. MARTIN of Massachusetts. Not in most instances. There are times when the manufacturer of novelties or specialties can control the selling price and thus be able to pass the tax on. In a majority of instances the manufacturers of cotton goods in the South and New England cannot pass it along. The competition both at home and abroad is too keen. The burden, therefore, falls heavily upon the cotton spinning industry. If this tax continues as at present only drab days are ahead for the people who find employment in this industry.

Give the cotton grower his aid, but do not destroy an industry in giving that aid. I hope the amendment will be adopted.

Mr. JONES. Mr. Chairman, this amendment to strike out the processing tax on cotton and authorize an appropriation from the Treasury is not feasible and should be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 19, noes 87. So the amendment was rejected.

The Clerk read as follows:

SEC. 12. Subsection (b) of section 9 of the Agricultural Adjustment Act, as amended, is amended to read as follows:

"TAX RATE GENERALLY

"(b) (1) The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity, plus such percentage of such difference, not to exceed 20 percent, as the Secretary of Agriculture may determine will result in the collection, in any marketing year with respect to which such rate of tax may be in effect pursuant to the provisions of this title, of an amount of tax equal to (A) the amount of credits or refunds which he estimates will be allowed or made during such period pursuant to section 15 (c) with respect to the commodity and (B) the amount of tax which he estimates would have been collected during such period upon all processings of such commodity which are exempt from tax by reason of the fact that such processings are done by or for a State, or a political subdivision or an institution thereof, had such processings been subject to tax. If, prior to the time the tax takes effect, or at any time thereafter, the Secretary has reason to believe that the tax at such rate, or at the then existing rate, on the processing of the commodity generally or for any designated use or uses, or on the processing of the commodity in the production of any designated product or products thereof for any designated use or uses, will cause or is causing such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then the Secretary shall cause an appropriate investigation to be made, and afford due notice and oppor-



tunity for hearing to interested parties. If thereupon the Secretary determines and proclaims that any such result will occur or is occurring, then the processing tax on the processing of the commodity generally or for any designated use or uses, or on the processing of the commodity in the production of any designated product or products thereof for any designated use or uses, shall be at such lower rate or rates as he determines and proclaims will prevent such accumulation of surplus stocks and depression of the farm price of the commodity, and the tax shall remain during its effective period at such lower rate until the Secretary, after due notice and opportunity for hearing to interested parties, determines and proclaims that an increase in the rate of such tax will not cause such accumulation of surplus stocks or depression of the farm price of the commodity. Thereafter the processing tax shall be at the highest rate which the Secretary determines will not cause such accumulation of surplus stocks or depression of the farm price of the commodity, but it shall not be higher than the rate provided in the first sentence of this paragraph.

#### "SPECIFIC TAX RATES

"(2) In the case of wheat, cotton, field corn, hogs, peanuts, tobacco, paper, and jute, and (except as provided in paragraph (6) of this subsection) in the case of sugar cane and sugar beets, the tax on the first domestic processing of the commodity generally or for any particular use, or in the production of any designated product for any designated use, shall be levied, assessed, collected, and paid at the rate prescribed by the regulations of the Secretary of Agriculture in effect on June 1, 1935, during the period from the date of the adoption of this amendment to December 31, 1937, both dates inclusive.

#### "SPECIFIC TAX RATE—RICE

"(3) For the period from April 1, 1935, to July 31, 1936, both inclusive, the processing tax with respect to rice shall be levied, assessed, collected, and paid at the rate of 1 cent per pound of rough rice.

#### "ADJUSTMENT OF RATE

"(4) In accordance with the formulae and standards prescribed in this title, (A) any rate of tax prescribed in paragraphs (2) and (3) of this subsection may be decreased (including a decrease to zero), to prevent an accumulation of surplus stocks of the commodity or the products thereof, to prevent such reduction in the quantity of the commodity or products thereof domestically consumed as will result in the accumulation of surplus stocks of the commodity or products thereof, or to prevent depression in the farm price of the commodity, or may be increased, or shall terminate pursuant to proclamation as provided in section 9 (a) or pursuant to section 13, and (B) after December 31, 1937 (in the case of the commodities specified in paragraph (2) of this subsection), and after July 31, 1936 (in the case of rice), rates of tax shall be determined by the Secretary of Agriculture and shall thereafter be effective. If the applicability to any person or circumstances of any tax under this title the rate of which is fixed in pursuance of this paragraph is finally held invalid by reason of any provision of the Constitution, or is finally held invalid by reason of the Secretary of Agriculture's exercise or failure to exercise any power conferred on him under this title, there shall be levied, assessed, collected, and paid (in lieu of all rates of tax fixed in pursuance of this paragraph with respect to all tax liabilities incurred under this title on or after the effective date of each of the rates of tax fixed in pursuance of this paragraph, respectively) rates of tax fixed under paragraph (2) or (3) and such rates shall be in effect (unless the particular tax is terminated pursuant to proclamation as provided in section 9 (a) or pursuant to section 13) until altered by act of Congress; except that, for any period prior to the effective date of such holding of invalidity, the amount of tax which represents the difference between tax and the rate fixed in pursuance of this paragraph and tax at the rate fixed under paragraph (2) or (3) shall not be levied, assessed, collected, or paid.

#### "RICE—SPECIAL RULE

"(5) In the case of rice, the weight to which the rate of tax shall be applied shall be the weight of rough rice when delivered to a processor, except that, where the producer processes his own rice, the weight to which the rate of tax shall be applied shall be the weight of rough rice when delivered to the place of processing.

#### "SUGAR—SPECIAL RULE

"(6) In the case of sugar beets or sugar cane the rate of tax shall be applied to the direct-consumption sugar, resulting from the first domestic processing, translated into terms of pounds of raw value according to regulations to be issued by the Secretary of Agriculture, and in the event that the Secretary increases or decreases the rate of tax fixed by paragraph (2) of this subsection, pursuant to the provisions of paragraph (4) of this subsection, then the rate of tax to be so applied shall be the higher of the two following quotients: The difference between the current average farm price and the fair exchange value (A) of a ton of sugar beets and (B) of a ton of sugarcane, divided in the case of each commodity by the average extraction therefrom of sugar in terms of pounds of raw value (which average extraction shall be determined from available statistics of the Department of Agriculture); the rate of tax fixed by paragraph (2) of this subsection or adjusted pursuant to the provisions of paragraph (4) of this subsection shall in no event exceed the amount of the reduction by the President on a pound of sugar raw value of the rate of duty in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930, as adjusted to the treaty of commercial reciprocity con-

cluded between the United States and the Republic of Cuba on December 11, 1902, and/or the provisions of the act of December 17, 1903, chapter 1.

#### "WHEAT PREMIUMS

"(7) In computing the current average farm price in the case of wheat, premiums paid producers for protein content shall not be taken into account."

Mr. O'MALLEY. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. O'MALLEY: Under subsection (b) of section 12, on page 32, following the word "paragraph", in line 3, insert the following language:

"In all cases where the commodity subjected to a processing tax is offered for sale there shall be clearly set forth, in whatever manner the Secretary of Agriculture may designate, that proportion of the selling price which constitutes the processing tax on said commodity or commodities under this act. In the case of retail goods this information shall be clearly set forth on a label, tag, stamp, or other suitable indicia accompanying said goods for the protection of the consumer."

Mr. JONES. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Wisconsin is not germane to this particular section, which has to do with a processing tax. The amendment has to do with the sale of an article and the labels that are to be put on the article sold. The sale of an article is not involved in this particular section.

Mr. O'MALLEY. Mr. Chairman, this section deals with the levying of a tax and my amendment provides that the proportion of the selling price of the commodities taxed shall be displayed in some way so that the consumer may know how much of the processing tax he is paying and how much of the processing tax is being used as an argument to increase prices. I know that when the processing tax was attached to one food product in my State it amounted to about 2 cents to the consumer, but the producers of that product immediately raised their price 10 cents, so they not only got the processing tax but 8 cents in additional profits.

Mr. Chairman, if the processing tax is a good thing, all the Members who are in favor of it ought to be willing to let the consumer know how much he is paying toward the processing tax. If the processors are taking it out of their profits and the consumers are not paying the processing tax, they do not have to comply with this amendment. Why are we afraid to have the consumer know how much this processing tax is costing him, if it is costing him anything? Why can we not give the consumers some protection, so that the processors are not able to get not only the processing tax but use the processing tax in order to get additional profits? Why cannot the consumer be shown what proportion of the cost of the goods the processing tax involves?

Mr. Chairman, I submit the amendment is clearly in order, because it deals with the method of indicating what the tax is. It is a germane amendment.

Mr. JONES. Mr. Chairman, subsection 9 (a) has to do with the levying of the tax. This section simply has to do with the rate of tax. The question of what shall be done in connection with the sale of a commodity is not involved in the particular section now before us, which is section 12 (b).

Mr. O'MALLEY. My amendment only provides for disclosure of the amount of tax to the people who foot the bills.

Mr. JONES. I may say to the gentleman, to put a conversion factor on every one of the infinite variety of commodities that are made from a basic commodity would be practically impossible, because one basic commodity may go into a hundred different finished items. I may say further that the present bill provides that if a false statement is made by a processor as to the amount of the tax in connection with the sale of an article he may be fined, because it then becomes an offense.

Mr. O'MALLEY. A merchant can raise the price and use the processing tax as the basis for the increase. The consumer has no protection. He does not know what percentage the tax is, and he ought to have this information. If the tax is a good thing, we ought to have frankness and decency enough to allow the consumer to know what it is.

Mr. Chairman, this section amends section 9 (a); therefore my amendment is in order.



The CHAIRMAN. The portion of the bill just read mentions section 9 (a).

Mr. JONES. Section 9 (a) is treated in this bill on page 29, which we have already considered.

Mr. O'MALLEY. This deals with section 9 (a).

The CHAIRMAN. The Chair is ready to rule.

The Chair is impressed with the view that the point of order made to the amendment offered to this section of the bill is good, and therefore sustains the point of order.

Mr. O'MALLEY. Mr. Chairman, my amendment does not provide a means for the collection of the tax or regulate the collection in any way.

The CHAIRMAN. The amendment offered by the gentleman goes to the collection of the tax. The amendment specifically provides for the use of stamps which, of course, under the amendment is in the discretion of the Secretary of Agriculture.

Mr. O'MALLEY. Mr. Chairman, the method provided is that the Secretary may designate the method, and I only suggested a stamp or a tag as one of the many ways the Secretary might protect the consumer from being gypped.

The CHAIRMAN. The Chair has ruled. The Chair thinks the point of order is well taken and sustains the point of order.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section close in 6 minutes.

Mr. GIFFORD. Mr. Chairman, reserving the right to object, this is a very important section indeed and bears similarity to other sections in the bill.

It is inconceivable that they would not want more time, but I am willing to confine my remarks now to 5 minutes and take more time on section 21.

I withdraw my reservation of objection, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GIFFORD. Mr. Chairman, after setting forth the contents of this section in 5 minutes, I will agree that 1 minute may be enough for the chairman of the committee to apologize for it. [Laughter.]

Section 12, paragraph 1, taxes generally; and then it states that we will really use the taxes until they are found unconstitutional.

Paragraph 2, with respect to specific tax rates, they contend is so narrow that it will be held constitutional even if the rates are not fair or unnecessary.

On the next page it is provided that if these general rates are held unconstitutional, then they will go back to the special or the specific rates. How hard we are trying to make past legislation constitutional. We are here serving notice that we are to try by every conceivable means to carry out our theories at the risk and apparent expectation of its being held unconstitutional.

This may be the only refuge that the committee could find and, evidently, 1 minute will be all that is required to acknowledge that this is true, but I want to remind you of the situation and compare this section with section 21, a part of which at least ought to be removed from the bill.

Look at section 21, on page 46, and notice the recitation there. It is provided that all the taxes heretofore paid prior to the date of the adoption of this amendment are hereby declared to be legalized, ratified, and confirmed to all intents and purposes as if we had passed the proper legislation in 1933. This is a bold statement to make, but the Supreme Court will regard it of but little value. However, the statement I am interested in, Mr. Chairman, is the one that provides that even though taxes may have been illegally imposed, we will freeze such taxes and we will commit an immoral act, because although it may be proven to be unconstitutional we go still further and say that even if proven unconstitutional we attempt to state that the aggrieved taxpayer may not press his claim in court. They may not even present their case and attempt to recover taxes illegally paid.

Will you not kindly give some consideration to section 21 and help us remove this particular vicious section and let our citizens have their day in court. This is the burden of my argument at the present moment.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, under the section referred to the Congress simply enacts the processing fees that are already in effect and makes them the act of Congress in order to avoid any question of delegation. The change the gentleman refers to is an effort to adjust the program to suit a situation that might arise. If the additional flexible power is legal, well and good; but, if not, we certainly cannot afford to wreck the whole farm program, which has meant so much to this country.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 13. Subsection (c) of section 9 of the Agricultural Adjustment Act, as amended, is amended to read as follows:

"(c) For the purposes of part 2 of this title, the fair exchange value of a commodity shall be the price therefor that will give the commodity the same purchasing power, with respect to articles farmers buy, as such commodity had during the base period specified in section 2; and, in the case of all commodities where the base period is the pre-war period, August 1909 to July 1914, will also reflect interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during said base period; and the current average farm price and the fair exchange value shall be ascertained by the Secretary of Agriculture from available statistics of the Department of Agriculture. The rate of tax upon the processing of any commodity, in effect on the date on which this amendment is adopted, shall not be affected by the adoption of this amendment and shall not be required to be adjusted or altered, unless the Secretary of Agriculture finds that it is necessary to adjust or alter any such rate pursuant to section 9 (a) of this title."

Mr. CARPENTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if there was no other good that was to come out of the Agricultural Adjustment Act, the fact that it has set up for the first time in the history of agriculture a method of cooperation and organization among the farmers such as every other business and industry has in this country that would be justification enough for the act.

Three years ago when the Roosevelt administration came into power agriculture was prostrate. Farm prices and conditions had been going from bad to worse.

For instance, in 1919 there was produced in the State of Kansas 146,109,192 bushels of wheat, which at an average price during that year of \$1.99 per bushel resulted in the farmers of the State of Kansas receiving \$289,886,360; by 1931 the price had dropped to 34 cents per bushel as an average for the year, and whereas there was 239,907,709 bushels of wheat produced in Kansas that year almost 100,000,000 bushels more than was produced in 1919, yet the farmers of the State of Kansas only received \$81,416,717, or more than \$200,000,000 less than they received in 1919. The following year, 1932, the average price was 29 cents per bushel, and the farmers of the State of Kansas only received \$30,975,880 for their wheat, or approximately one-tenth of what they received in 1919, yet their indebtedness had been increased and their rates of interest had not been lowered.

Take the case of corn in 1917. Kansas produced 106,166,517 bushels of corn, and at a price of \$1.14 per bushel received \$121,540,410, whereas in 1931 they produced 8,000,000 more bushels of corn than was produced in 1917 and received approximately \$90,000,000 less than they received in 1917, or a total of \$32,666,554. The prices the farmer received for wheat and corn in 1932 were lower per bushel than any other year before or since 1889, as illustrated by a table compiled from the twenty-seventh biennial report, Kansas State Board of Agriculture, page 538, and data of subsequent years obtained from the board.

Mr. Chairman, I ask unanimous consent to insert this table of prices of wheat and corn as a part of my remarks.

The CHAIRMAN. Without objection, it is so ordered.

The table follows:



Some interesting Kansas figures

Year	Total rainfall, Wichita	Total rainfall, Dodge City	Total production of wheat, in bushels	Number of acres sown to wheat	Average yield of wheat per acre	Average value per bushel of wheat	Total value of wheat crop for year	Total production of corn, in bushels	Number of acres of corn planted	Average yield of corn per acre in bushels	Average value of corn per bushel	Total value of corn crop
1889	34.67	19.17	35,319,851	1,594,285	22.15	\$0.57	\$19,917,401	273,888,321	6,820,693	40.15	\$0.18	\$51,649,876
1890	24.7	11.72	28,801,214	2,321,113	12.40	.81	23,410,548	51,090,229	5,775,691	8.84	.42	21,491,916
1891	34.53	32.34	58,550,653	3,733,910	15.68	.72	42,596,759	139,363,991	5,209,234	26.75	.34	48,057,978
1892	29.94	19.66	74,538,906	4,129,829	18.05	.55	40,691,762	138,658,621	5,603,588	24.74	.30	42,089,849
1893	18.19	10.12	24,827,523	5,110,873	4.85	.44	11,032,932	118,624,369	6,172,462	19.20	.28	32,621,762
1894	32.44	12.60	28,205,700	4,840,892	5.82	.40	11,297,979	66,952,833	6,404,705	10.45	.38	25,354,190
1895	26.46	20.31	16,001,060	4,171,971	3.84	.47	7,463,118	201,457,396	8,394,871	24.00	.22	46,189,773
1896	27.6	19.87	27,754,888	3,357,727	8.27	.44	13,257,193	221,419,414	7,897,575	28.03	.17	35,633,013
1897	26.1	21.58	51,026,604	3,444,364	14.81	.68	34,385,304	152,140,993	8,293,819	18.34	.19	28,555,293
1898	39.46	31.46	60,790,661	4,624,731	13.14	.54	32,937,042	126,999,132	7,237,601	17.54	.23	30,298,097
1899	33.49	28.45	43,687,013	4,988,952	8.76	.51	22,406,100	225,183,432	8,194,561	27.48	.24	53,530,576
1900	31.85	20.78	77,339,091	4,378,533	17.66	.54	41,974,145	134,523,677	7,369,020	18.25	.29	39,581,835
1901	27.47	16.06	90,333,095	5,316,482	16.99	.56	50,610,505	42,605,672	6,722,973	6.53	.61	21,731,215
1902	38.73	17.70	54,649,236	6,301,040	8.67	.53	29,159,490	201,367,102	6,990,764	28.80	.39	78,321,653
1903	31.80	15.27	94,041,902	5,964,866	15.76	.56	52,426,355	169,359,769	6,525,777	25.95	.34	57,078,141
1904	31.11	17.19	65,141,629	5,861,712	11.11	.79	51,409,255	132,021,774	6,494,158	20.33	.38	50,713,955
1905	34.63	25.96	77,178,177	5,925,338	13.02	.70	53,899,365	190,519,593	6,799,755	28.01	.36	68,718,583
1906	31.00	32.54	93,292,980	6,436,085	14.49	.59	55,178,711	187,021,214	6,584,535	28.40	.35	65,115,203
1907	31.51	18.26	74,155,695	7,235,283	10.24	.77	56,787,511	145,288,326	6,809,012	21.33	.43	63,040,743
1908	37.71	19.61	76,808,922	6,939,351	11.06	.83	63,885,145	150,640,516	7,057,535	21.34	.55	62,642,461
1909	30.56	20.55	80,958,740	6,450,734	12.55	.93	75,941,189	147,005,120	7,711,879	19.60	.57	83,066,905
1910	17.33	10.12	61,017,339	4,870,442	12.53	.87	62,785,955	152,810,884	8,589,682	17.79	.50	76,402,327
1911	36.89	22.27	50,809,436	4,643,398	10.94	.86	43,840,589	105,047,068	7,760,087	13.54	.57	59,599,405
1912	29.14	24.40	88,889,128	6,242,855	14.24	.80	71,227,437	156,499,382	6,884,044	22.73	.53	83,483,681
1913	21.94	17.28	72,458,051	6,062,066	11.95	.78	56,375,409	18,420,052	6,655,023	2.77	.73	13,378,475
1914	23.32	12.32	180,924,885	9,116,183	19.85	.84	151,583,031	87,338,272	5,279,552	16.54	.68	59,320,146
1915	41.23	28.75	95,768,176	7,630,810	12.55	.90	85,681,786	142,653,140	4,537,238	31.44	.53	73,547,443
1916	29.62	14.35	99,384,760	7,819,627	12.71	1.35	134,615,306	62,127,191	6,964,724	8.92	.84	51,886,271
1917	16.11	13.06	41,563,387	3,546,453	11.70	2.05	85,679,211	106,166,517	9,162,232	11.59	1.14	121,540,410
1918	38.56	19.58	93,195,332	6,900,069	13.70	1.99	186,332,974	44,539,488	6,195,624	7.20	1.44	64,081,655
1919	22.98	13.70	146,109,192	11,640,873	12.56	1.99	289,886,360	63,083,497	4,188,405	15.06	1.31	82,845,451
1920	29.95	22.97	140,842,516	8,982,743	15.68	1.87	262,110,065	132,786,130	5,137,238	25.85	.69	92,038,455
1921	23.37	17.51	128,220,148	10,345,651	12.39	.97	123,876,118	96,484,070	4,421,669	21.82	.29	27,790,924
1922	41.94	23.61	116,864,983	9,602,955	12.17	.90	105,489,103	95,311,582	5,055,989	18.55	.54	51,648,465
1923	35.28	24.34	76,172,274	7,835,853	9.72	.87	66,341,972	125,680,706	6,014,323	20.89	.62	77,588,715
1924	22.73	19.49	153,627,638	9,435,672	16.28	1.07	163,809,506	131,007,817	5,818,153	22.62	.81	106,313,292
1925	23.95	27.21	74,264,926	8,530,564	8.71	1.41	103,888,770	104,860,915	6,546,349	16.02	.71	74,065,081
1926	30.18	19.99	149,983,056	10,083,428	14.87	1.20	179,995,914	58,380,892	5,656,361	10.32	.70	41,010,514
1927	34.85	25.10	111,406,440	9,945,955	11.20	1.17	130,294,990	176,712,332	5,896,661	29.96	.65	113,924,418
1928	37.53	27.77	177,890,700	10,474,680	16.98	.94	167,324,843	179,116,320	6,634,096	27.00	.68	117,760,980
1929	34.84	21.90	137,995,088	11,515,809	11.98	1.00	138,428,561	106,804,968	6,324,219	16.89	.77	82,638,728
1930	26.01	19.14	158,862,287	11,773,015	13.49	.63	99,651,305	76,162,845	6,544,478	11.64	.64	48,596,573
1931	29.36	15.75	239,907,709	12,345,596	19.43	.34	81,416,717	114,177,015	6,376,692	17.60	.28	32,666,554
1932	26.09	17.71	106,538,659	8,933,273	11.92	.29	30,975,880	141,049,455	7,397,522	19.22	.15	21,631,891
1933	21.81	18.66	57,452,000	6,759,000	8.50	.70	40,216,000	80,431,000	6,994,000	11.50	.35	28,151,000
1934	24.17	11.50	79,700,000	8,659,000	10.80	.85	67,744,000	10,526,000	3,777,000	2.78	.88	9,307,000
Average, 46 years....	29.86	19.99	88,570,058	6,885,304	12.74	.86	80,656,737	105,919,827	6,531,687	19.22	.52	57,318,358

Mr. CARPENTER. Three years ago when the Roosevelt administration came into power agriculture was prostrate. Farm prices and conditions had been going from bad to worse. Many tears had been shed over the farmer and many promises made to him, but the passage of the Agricultural Adjustment Act was the first time anything had been definitely done for agriculture. To use the expression of the street, and one which is generally understood, it was the Roosevelt administration that brought home the bacon to the farmer. Those who come from agriculture districts are quite well satisfied with the success of the operation of this act. They know what it has meant to agriculture the past 2 years, but as further proof of the success, satisfaction, and appreciation of the farmer was the great spontaneous meeting of over 5,000 farmers from the length and breadth of this land recently held here in Washington. It is generally thought that the farmer never could be satisfied, that he was divided in his own ranks as to what plan should be followed. Never before had such a gathering as was held here in Washington by the actual dirt farmers been dreamed of. They did not come with any demand or complaint, merely to express to this Congress, this administration, and their President their thanks and appreciation of what has been done for them. We can gather from this meeting that they desire the continuation of this act and its strengthening by such amendments as were deemed necessary. Not only did this meeting impress Washington and give the newspapers and other news agencies, who are so prone to picture the farmer under unfavorable circumstances, an idea of what a real farmer looks like, but it had a far greater effect in this country, for there had been conceived by certain persons, whom were those who had promised the farmer much when they were in power, but had failed to keep their promises, a meeting which they dubbed the "grass-roots convention", which was designed and conceived among other things to knock the stuffing out of the A. A. A. To them it was a proposition of "root hog

or die", but in the face of this meeting here at Washington and the referendum vote of the farmers throughout the country upon the proposition of continuing this act, those from the short-grass country did not dare carry out the purposes of this meeting. What is the position of the farmer? He has always been one of the most independent individuals in the country. Every other business and industry was seeking special privileges from the Government, but the farmer never asked for any special favor. He was willing to produce by the sweat of his brow and he could export his surpluses abroad and therefore receive a reasonable price for his products.

All he asked was that nothing be done to him, but governments began to increase his taxes. He found himself the victim of the Government's high-tariff program, which resulted in the loss of his markets, and his surpluses were thrown back on him; the Government having done all this to him, it was then up to the Government to do something for him. One thing the farmer desired more than any other class is to remain free and independent. As I have stated, he is for the present Agricultural Adjustment Act, so long as it remains a free and independent plan, but he is opposed to any compulsory plan. He does not desire that the Federal Government, through the Department of Agriculture or any other department, tell him what he can produce or what he cannot produce, and tell him how much he can produce and how much he cannot produce, and I have assurance from the Secretary of Agriculture that there is no such desire on his part.

As I view it, one of the reasons for supporting the present bill containing the A. A. A. amendments, if there was such power of compulsory control in the hands of the Secretary of Agriculture, as I understand it, it is stricken out under these amendments. Furthermore, under the recent Supreme Court decision any such provision would be void. I believe that the Agriculture Committee is in such close touch with



the farmers of this country that they have done a great work in this legislation in protecting agriculture and changing and amending this bill to safeguard the farmer and protect his interests.

Mr. LUCKEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and my colleagues of the House, yesterday I heard a very able speech by the gentleman from New York [Mr. Fish] attacking the Agricultural Adjustment Act amendments, and I happened later in the day to hear the same gentleman in another address on the same subject over the air. The man running the radio tired of the latter speech and turned it off, therefore robbing me of the opportunity to hear the complete speech. Both speeches were along the same line—a wailing lament over the vanishing American foreign markets and a bitter protest against the present agricultural program as being responsible for that waning market.

Some time ago I submitted part of my studies on this situation to the Members of the House. Today in a few brief words I want to add some further comments on the export-import situation. I believe that the gentleman from New York was barking up the wrong tree when he charged that the loss of our foreign markets was the work of the present administration. It is perhaps due to the fact that the charts and figures that I use are not the same as those used by the

gentleman from New York that causes my conclusion to be that the agricultural export losses were sustained, to a very large degree, prior to the advent of the present administration. How could we lose what we had already lost?

Without boring you with long tables and charts to show the decline of American agricultural export trade, I am going to present only two or three items of that trade which conclusively show the decline in the pre-Roosevelt era. Take the case of cotton, one of the focal points of attack by the opposition, where the period of 1925 to 1933 shows the trend. In the case of cotton in its unmanufactured state, the values of exports in each of the years from 1925 to 1933 were as follows:

1925.....	\$1,059,751,000
1926.....	814,429,000
1927.....	826,308,000
1928.....	920,008,000
1929.....	770,830,000
1930.....	496,798,000
1931.....	325,687,000
1932.....	345,164,000
1933.....	398,212,000

During this same period, unmanufactured cotton exports declined from \$1,059,751,000 in 1925 to \$45,524,000 in 1932. In simple words, our export values in both of these fields had fallen off to the point where the 1932 valuation was only about one-third of that of 1925. Surely this is a falling export market.

[Figures from the Bureau of Foreign and Domestic Commerce, Department of Commerce]

Yearly average or year (calendar)	Total agricultural exports	Animals and products edible	Dairy products and eggs	Grains and preparations	Vegetables, fruits, and nuts	Miscellaneous animal and vegetable products	Cotton	Tobacco
1925.....	\$2,136,200,000	\$269,300,000	\$31,100,000	\$351,800,000	\$121,100,000	\$149,400,000	\$1,059,800,000	\$153,800,000
1926.....	1,816,700,000	236,700,000	26,800,000	355,700,000	132,600,000	113,600,000	814,400,000	136,900,000
1927.....	1,884,600,000	181,600,000	25,300,000	443,800,000	143,600,000	124,500,000	826,300,000	139,700,000
1928.....	1,863,100,000	182,300,000	24,700,000	315,700,000	152,000,000	113,900,000	920,000,000	154,500,000
1929.....	1,692,900,000	198,200,000	22,100,000	286,400,000	162,800,000	106,600,000	770,800,000	146,100,000
1930.....	1,200,700,000	149,900,000	19,500,000	191,300,000	130,400,000	67,100,000	496,800,000	145,600,000
1931.....	821,400,000	93,200,000	12,800,000	106,000,000	122,000,000	50,900,000	325,700,000	110,800,000
1932.....	662,400,000	55,200,000	6,600,000	66,900,000	84,900,000	37,700,000	345,200,000	65,900,000
1933.....	694,400,000	63,600,000	4,400,000	31,500,000	77,100,000	36,600,000	398,200,000	82,900,000

In the year 1925, the total value of all agricultural exports was \$2,136,200,000, while in 1932, the total was \$662,400,000, a net decrease of \$1,473,800,000. Here, too, we see that the American export trade in agricultural products had suffered a tremendous shrinkage. At this point, I wish to insert a table covering the export statistics of all agricultural products by classified groups.

In all of the items in this table, it is seen that the same downward trend is followed as that shown for cotton.

Is it not strange, then, how by some peculiar reasoning so common today, that anyone could reach the conclusion that our agricultural export market has fallen off due to the agricultural program of the present administration.

I am a strong believer in the doctrine of recapturing every possible bit of the foreign market that we can possibly capture. In this present bill, I believe that we have the essential principles necessary for the recovery of the American position in the world market. The fundamentals of the McNary-Haugen measure have been incorporated in these amendments, and they have been harmonized with the whole program.

It is vital to the recovery program that the American farmers reach parity. The man who feeds the country has every right to expect that he will receive for his farm products a price that will justify his continuance as a farmer. The amendments now before us greatly perfect the agricultural program, and they will materially aid the farmers of this country. Our farmers believe in the present program and in the amendments now before us. The interjection of partisan political arguments into this discussion serves only to becloud the real issues. The distortion of facts, facts which in themselves may be quite true, to make them appear as an indictment of the farm program and the amendments, surely cannot be regarded as a legitimate or weighty attack.

There are a great many gentleman in this House who are in the same position as I find myself. They are wholeheartedly in support of the amendments, and none of the blinding figures or false facts which have been set forth thus far can change that belief. Our farmers are in support of these amendments, and the American farmer shall be and will be benefited by this administration and by these amendments.

The Clerk read as follows:

SEC. 15. Subsection (b) of section 10 of the Agricultural Adjustment Act, as amended, is amended to read as follows:

"(b) (1) The Secretary of Agriculture is authorized to establish, for the more effective administration of the functions vested in him by this title, State and local committees, or associations of producers, and to permit cooperative associations of producers, when in his judgment they are qualified to do so, to act as agents of their members and patrons in connection with the distribution of payments authorized to be made under section 8. The Secretary, in the administration of this title, shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing acts of Congress, and as will tend to promote efficient methods of marketing and distribution.

"(2) Each order issued by the Secretary under this title shall provide that each handler subject thereto shall pay to any authority or agency established under such order such handler's pro rata share (as approved by the Secretary) of such expenses as the Secretary may find will necessarily be incurred by such authority or agency during any period specified by him for the maintenance and functioning of such authority or agency, other than expenses incurred in receiving, handling, holding, or disposing of any quantity of a commodity received, handled, held, or disposed of by such authority or agency for the benefit or account of persons other than handlers subject to such order. The pro rata share of the expenses payable by a cooperative association of producers shall be computed on the basis of the quantity of the agricultural commodity or product thereof covered by such order which is distributed, processed, or shipped by such cooperative association of producers. Any such authority or agency may maintain in its own name, or in the names of its members, a suit against any handler subject to an order for the collection of such handler's pro rata share of expenses.



The several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy."

Mr. CHANDLER. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. CHANDLER: Amend section 15 by inserting the following sentence at the end of paragraph (b) (1), line 14, page 37: "Such recognition and encouragement under this title shall be limited to associations which deal in the products of nonmembers to an amount not greater in value than such as are handled for their bona fide producer members; and there shall be included in nonmember business all commodities not delivered by persons having a legal or equitable right in the production thereof; all commodities received under any contract which does not give the delivering producer credit for and the right to receive within a reasonable period his pro rata share of profits after deduction of costs and permissible dividends; and all commodities upon which more than 90 percent of the market value is advanced without recourse prior to disposition thereof by the association unless the delivering producer has to his credit with such association reserves sufficient to cover, and liable for any loss incurred in the handling and ultimate disposition of such commodities delivered by him if handled separately, or his pro rata share of any loss incurred in the handling and ultimate disposition of commodities delivered to any pool."

Mr. CHANDLER. Mr. Chairman, when H. R. 8052, the immediate predecessor of H. R. 8492, now under consideration, was introduced, I prepared an amendment along the lines of the one just offered and sent it to the very able and indefatigable Chairman of the Committee on Agriculture [Mr. JONES]. He informed me, and I think correctly so, that that amendment involved a change in the Capper-Volstead Act. I have redrawn the amendment so as to avoid that criticism and now ask its adoption.

That part of section 15 of the bill, to which this amendment would be added, requires the Secretary of Agriculture to "accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing acts of Congress."

The Capper-Volstead law, which authorizes producers of farm products to form cooperative associations, free from the Antitrust Act, provides that such an association "shall not deal in the products of nonmembers to an amount greater in value than such as are handled by it for members", but, unfortunately, the act does not define nonmember business; and the pending amendment is to make that definition to some small extent for the purposes of the Agricultural Adjustment Act, at least. While the amendment necessarily would have general application, its practical operation would be confined to the cotton trade.

Firstly, it is provided that there shall be included in nonmember business commodities delivered by persons not having any legal or equitable interest in the production of the commodity. This test of producer qualification is the same as that applied in section 3 of the Bankhead Act in permitting votes to determine whether that act should be continued for this season. It permits cotton delivered by landowners, tenants, sharecroppers, and other persons having an actual interest in producing the cotton to be counted as member business, but would not permit ginners and other cotton buyers to sell cotton outright to the cooperatives, and have it called "member cotton." Yet, this is a common practice at the present time.

Secondly, it would class as nonmember business all commodities delivered under any contract which does not give the producer the rights of an actual partner in the profits of the business. This expressly permits, of course, deductions of costs and dividends permitted on capital stock or capital in any other form, but will require any cooperative demanding recognition by the triple A to credit to the farmer his share of the profits, and, if he desires to do so, to permit him to withdraw his profits within some reasonable period. In other words, it will make it impossible for cooperative managers to compel producers against their wishes to invest capital in the cooperative, and yet call their deliveries member business. It will place membership on a voluntary basis, where it certainly ought to be.

Thirdly, this amendment will require cooperatives seeking recognition and encouragement to limit any advances they make on commodities to a reasonable figure, or call such transaction what it actually is, a purchase, and therefore nonmember business. No cooperative asking special favors here ought to be permitted to risk the reserves belonging to its bona fide members, and the funds loaned to it by this Government, in speculating in commodities. Advances of 90 percent of the market value are the maximum which can be made with any degree of safety even on a commodity which can be hedged in the future market such as cotton. All that this clause will require is that the risk of loss on a commodity delivered be borne by the delivering producer if he is to be called a member. It prevents cooperative managers from risking reserves of bona fide members and funds borrowed from the Government in what in effect are outright purchases from persons having no interest whatsoever in the continued operations of the cooperative.

This is an amendment in the interest of the farmer, sound cooperative marketing associations, and the independent cotton dealers. For 75 years the independent cotton merchants, whom we may now call "the little fellows", found the outlets at home and abroad for the farmer's cotton, and these people have furnished the competition by which the farmer received the best price obtainable for his product. Now these private business concerns cannot meet the open-market competition of cooperative associations which have become not cooperative organizations but huge merchandising units operating with Federal funds and paying almost no taxes. Soon the farmer will have to put all of his eggs in one basket, and that will be another sad day for him.

The small cotton dealers and their employees, and there are thousands of them in every cotton-growing State, are in a desperate condition because they cannot compete in the open market with the so-called "cooperatives", which have no definite limits on their operations, receive liberal Government credit, and will claim further preferential treatment under this section of the bill. I have been implored by scores of men formerly in the cotton business in my district to help them get other work because their life's occupation is gone. So, we may classify this amendment also as an employment measure.

I do not see how anyone can fairly object to this amendment since all that it does is define in some small degree for the purposes of this act what constitutes membership in a cooperative. The legally operated producer-cooperatives should welcome it, and certainly, Congress is justified in requiring the simplest attributes of membership here laid down, both in protecting producer-cooperatives and public funds, as well as in preventing unfair and destructive competition by Government-financed merchandising organizations which have no real attributes of producer-cooperatives. Surely, membership should entail some right to profits and some burden for losses, or it means nothing more than membership in a night club during the prohibition era.

I sincerely urge adoption of the amendment.

Mr. JONES. Mr. Chairman, there is no reason why a bona fide cooperative should not be permitted to perform any of these functions for its members. Everyone recognizes that if all the farmers were 100 percent organized on any commodity, they could handle the marketing of that commodity without any legislation. I do not think we should do anything that would prevent cooperatives handling any part of the program they are in a position to handle. That has been the philosophy that has been pursued for some time.

I ask that the amendment be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. CHANDLER].

The amendment was rejected.

Mr. CHANDLER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. CHANDLER: Amend section 15 (b) (1), on page 37, in line 14, by changing the period to a comma and



adding thereafter the following: "but without discrimination against other producers, processors, and handlers."

Mr. JONES. Mr. Chairman, I have no objection to that amendment. It simply clarifies the matter.

The amendment was agreed to.

The Clerk read as follows:

SEC. 29. The Agricultural Adjustment Act, as amended, is amended by adding after section 20 the following new section:

"SEC. 21. (a) No suit or proceeding shall be brought or maintained in, nor shall any judgment or decree be entered by, any court for the recoupment, set-off, refund, or credit of, or on any counterclaim for, any amount of any tax assessed, paid, collected, or accrued under this title prior to the date of the adoption of this amendment. Except pursuant to a final judgment or decree entered prior to the date of the adoption of this amendment, no recoupment, set-off, refund, or credit of, or counterclaim for, any amount of any tax, interest, or penalty assessed, paid, collected, or accrued under this title prior to the date of the adoption of this amendment shall be made or allowed. The provisions of this subsection shall not apply to (1) any overpayment of tax which results from an error in the computation of the tax, or (2) duplicate payments of any tax, or (3) any refund or credit under subsection (a) or (c) of section 15 or under section 17.

"(b) No suit, action, or proceeding (including probate, administration, receivership, and bankruptcy proceedings) shall be brought or maintained in any court if such suit, action, or proceeding is for the purpose or has the effect (1) of preventing or restraining the assessment or collection of any tax imposed or the amount of any penalty or interest accrued under this title on or after the date of the adoption of this amendment, or (2) of obtaining a declaratory judgment under the Federal Declaratory Judgments Act in connection with any such tax or such amount of any such interest or penalty. In probate, administration, receivership, bankruptcy, or other similar proceedings, the claim of the United States for any such tax or such amount of any such interest or penalty, in the amount assessed by the Commissioner of Internal Revenue, shall be allowed and ordered to be paid, but the right to claim the refund or credit thereof and to maintain such claim pursuant to the provisions of law made applicable by section 19 may be reserved in the court's order.

"(c) The taxes imposed under this title, as determined, prescribed, proclaimed, and made effective by the proclamations and certificates of the Secretary of Agriculture and/or of the President by the regulations of the Secretary with the approval of the President prior to the date of the adoption of this amendment, are hereby legalized and ratified, and the assessment, levy, collection, and accrual of all such taxes prior to said date are hereby legalized and ratified and confirmed as fully to all intents and purposes as if each such tax had been made effective and the rate thereof fixed specifically on May 12, 1933, by act of Congress. All such taxes which have accrued and remain unpaid on the date of the adoption of this amendment shall be assessed and collected pursuant to section 19, and to the provisions of law made applicable thereby. Nothing in this section shall be construed to import illegality to any act, determination, proclamation, certificate, or regulation of the Secretary of Agriculture or of the President done or made prior to the date of the adoption of this amendment.

"(d) No refund or credit shall be made or allowed of any amount of any tax which accrued on or after the date of the adoption of this amendment under this title (including any overpayment of such tax), unless (1) the claimant establishes to the satisfaction of the Commissioner of Internal Revenue, (A) that he has not included such amount in the price of the article with respect to which it was imposed or of any article processed from the commodity with respect to which it was imposed, and that he has not collected from the vendee any part of such amount, or (B) that he has repaid such amount to the producer or the ultimate purchaser of the article, and (C) in the case of hogs that such amount has not been deducted from the price paid to the producer, or (2) the claimant files with the Commissioner of Internal Revenue the written consent of such producer and ultimate purchaser to the allowance of the credit or refund. The provisions of this subsection shall not apply to any refund under section 15 (a), section 16, or section 17.

"(e) No refund or credit shall be made or allowed of the amount of any tax, under section 15, section 16, or section 17, unless, within 1 year after the right to such refund or credit has accrued, a claim for such refund or credit (conforming to such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe) is filed by the person entitled to such refund or credit, except that if the right to any such refund or credit accrued prior to the date of the adoption of this amendment, then such 1-year period shall be computed from the date of this amendment. No interest shall be allowed or paid, or included in any judgment, with respect to any such claim for refund or credit.

"(f) The provisions of section 3226, Revised Statutes, as amended, are hereby extended to apply to any suit for the recovery of any amount of any tax which accrued, on or after the date of the adoption of this amendment, under this title, and to any suit for the recovery of any amount of tax which results from an error in the computation of the tax or from duplicate payments of any tax.

"(g) Whenever in this title a refund of any tax is authorized to be made to any person other than the person required to pay the tax with respect to which an application for refund is made,

upon statement under oath by the applicant for refund that he has no knowledge, information, or belief that such tax has not in fact been paid, then for the purpose of such refund to said applicant such tax shall be deemed to have been due from and paid by the person liable therefor. Any other provision of the law notwithstanding, the Comptroller General of the United States is authorized and directed, without review of the fact of the payment of the tax, to certify for payment refunds authorized under this subsection in the amounts scheduled to him by the Commissioner of Internal Revenue. Whoever makes any false statement under oath in connection with applying for or securing such refund of any tax shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than \$1,000 or by imprisonment not exceeding 6 months, or both."

Mr. GIFFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GIFFORD: Page 44, line 20, strike out Sec. 21 (a).

Mr. GIFFORD. Mr. Chairman, this is the amendment to which I have heretofore referred, wherein any tax that may have been illegally collected prior to the adoption of this act will be frozen, so that a citizen will not be able to go into court and collect it. It may be possible that this act itself is unconstitutional. In fact, the writers of the act, on page 46, section (c), which I will not ask to have stricken out, would seem to think so. There they make another recitation saying, in effect, that all these acts to all intents and purposes shall be just as effective as if we had done it constitutionally in 1933. I do not believe the recitation will amount to much when the Supreme Court looks it over, but you have emphasized it and you also practically say that the Supreme Court must not think, because of the recitation made, that it may carry the import that it might be unconstitutional. That will be found at the bottom of the page:

Nothing here would import or suggest that it would be unconstitutional.

However, I am approaching this from a little different angle. Because you may be wearied of my own arguments, a prominent editorial writer has furnished me with something better than I perhaps could present here as my own statement, to the effect that every other citizen in every other kind of business in the country always adds to his costs, and even though he passes it on—which in this case he has not been able to do—he has had his right to recover. However, even though he has handed it on and afterward it was found that the taxes were illegally collected, certainly it is the right of a citizen to go into court and recover. According to this editorial the processing tax idea is a "fanaticism" in the minds of its proponents, and reason does not prevail. These editorial writers regard this as a most serious matter. Prominent writers are bringing to the attention of the country the fact that this is probably the first time any such attempt has actually been made to retain taxes illegally collected and where a citizen has been deprived of the right even to attempt to recover them.

I hope this amendment will have some serious attention.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. GIFFORD] has expired.

Mr. JONES. Mr. Chairman, of course, this is a question that involves processing fees that have been heretofore collected, practically none of which has actually been absorbed by the processor. A serious situation arises with reference to these processing fees. The argument has been made repeatedly by those who have opposed processing fees, that they are either passed back to the farmer in the way of reduced prices or passed on to the consumer in the way of increased prices. Now the argument is made by some gentlemen who oppose them that the price to the consumer is increased so greatly that we cannot afford to have a farm program. If that be true, what excuse could there be for permitting the processor who had not actually absorbed the taxes to recover these great sums?

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has expired.

Mr. HOPE. Mr. Chairman, I move to strike out the last word.

The statement has been made on the floor several times in the course of this debate, and so far as I know it has not



been challenged, that the cotton processing tax is not being passed on to the consumer. I do want to challenge that statement. There has been no proof offered here that it is not being passed on to the consumer.

Mr. GILCHRIST. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. GILCHRIST. Is it not true that the statement has always been made that this has been a tax upon clothing? Is that not the statement that has been made?

Mr. HOPE. The opponents of this legislation have urged various reasons in opposition to it. Some of them say it has been a tax on clothing. Now, the gentlemen representing the textile interests say that they cannot pass it on, but I want to call attention to some figures which are contained in the report of the Administrator of the Agricultural Adjustment Act just issued.

These figures show the increase in the price of cotton goods since the processing tax went into effect. It is not pretended, of course, that all of this increase is due to the processing tax, because it includes additional costs due to labor. It includes a higher base price for cotton, but these figures show that a pair of overalls at retail sold on an average at \$1.09 on July 27, 1933, before the processing tax went into effect; whereas the average price for the period from November 1933 to November 1934, was \$1.56, or an increase of 47 cents. These figures show that sheets 81 by 99 inches in size increased in price from 99 cents to \$1.31; that work shirts increased in price from 73 cents to 91 cents; that unbleached muslin per yard increased in price from 10 cents to 14 cents during this period.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. DONDERO. Can the gentleman inform the House what percentage of the processing tax collected has gone to the producer?

Mr. HOPE. Of the processing tax collected I would say 95 percent has gone back to the producer—all of it except the cost of administration which, to my best recollection, has not exceeded 5 percent.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 16 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WEARIN. Mr. Chairman, I was very glad to see the Committee on Agriculture include in this bill at page 25 a section with reference to the books and the records of the processors of agricultural products. For some time I have had pending before the Committee on Agriculture several bills with reference to this particular subject matter by which I have sought to amend the existing Packers and Stockyards Act of 1921 in such manner that the Secretary of Agriculture would have access to the books and records of the processors of agricultural products. Consequently, it is a great satisfaction to me to see the Committee on Agriculture include a provision of this type in this particular legislation, even though it is of only a temporary character. I trust it will establish a precedent upon which we may proceed in the future to accomplish the thing I have desired to accomplish for some time.

It should be remembered that notwithstanding the distress we have experienced during the past few years the processors of food products have been able to show a profit substantially higher than other major manufacturing industries in this country while the producers of the products they were processing were going bankrupt on every hand in our farm State of Iowa. This is one of the excellent reasons why the Secretary of Agriculture should have access to the books and records of such concerns. It would then be possible for us to determine the reason for such a strange coincident without additional action by Congress as appears to be necessary at the present time.

I might also suggest at this point that I likewise have pending before a committee of the Congress a resolution

asking for a thorough investigation of food processors, the prices they are charging consumers today and the percent of the said consumer's dollar that is reaching the pockets of the producers. With such data before us we could determine the exact status of the American farmer as compared to what it was say a decade or two ago. A similar proposal sponsored by Senator WHEELER has already passed the United States Senate. Action upon my resolution in the House would insure results.

The legislation I have proposed that deals with the inspection of books and records of food processors includes provisions that would simplify the legal procedure now existing with reference to the enforcement of the terms and the provisions of the Packers and Stockyards Act of 1921, which is being enforced with great difficulty at the present time. I shall cite to you a recent example in a case in the southern section of the United States resulting from a complaint entered by the Secretary of Agriculture against 12 of the packing industries of this country. They placed on the witness stand approximately 900 witnesses with reference to that particular matter. It was perfectly obvious, from their testimony, that they were doing it with the specific thought in mind of prolonging that case, thereby defeating the purpose of the Secretary of Agriculture from the standpoint of enforcing the provisions of the Packers and Stockyards Act of 1921. I trust that after our deliberations upon the pending bill, the Committee on Agriculture and the House of Representatives will consider seriously bills of a character such as I have described briefly today, with reference to giving the Secretary of Agriculture access to the books and records of the packing interests of this country as a permanent policy.

Furthermore, I trust such legislation along this line as may be considered by the Committee on Agriculture will, at the same time, simplify the legal procedure with reference to the enforcement of the act of 1921 in order that we can get some action with reference to the protection of the public that was intended to be afforded to them in that act.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I offer an amendment. In line 7, page 49, strike out the words "shall be guilty of."

The CHAIRMAN. The Chair informs the gentleman from Texas that a motion is already pending before the Committee.

Mr. BLANTON. Mr. Chairman, something has been said about our farmers having given up their rights by reason of acts passed by Congress. Today in the United States I believe farmers have more rights than anywhere else in the world. In this country no farmer has given up any rights under any bill Congress has passed except by his own volition, and every right any farmer has given up has been for the benefit of all farmers as a class and, incidentally, for the benefit of the people of the United States, because whenever you affect the interests of the farmer you affect the interests of the people everywhere in our country.

In my mind I have just been comparing the rights of the farmers in this country with the rights of the farmers in Russia. In Russia they are told when to go to bed at night, when to get up in the morning, what they shall do as to farm work during the daytime, and how they shall do it, what they shall do at night, what they shall do for recreation; and after they work hard all day, all week, all month, and all year, most of the product of their industry is taken from them by the Government.

In Russia today you will find hundreds of thousands of farmers absolutely starving to death because their Government has not left them enough food from the products of their own labor to subsist upon.

Mr. HOEPEL. Will the gentleman yield?

Mr. BLANTON. Has the gentleman something informative to give us on the subject of starving farmers in Russia?

Mr. HOEPEL. Yes. I received a letter from a constituent of mine past 70 years of age. He and his aged wife have just lost their home because the Home Owners' Loan Corporation would not assist them. He must submit to an operation next month, and under our Democratic relief plan he



receives insufficient subsistence and absolutely no meat. His work order for 1 week included two cans of sardines. Imagine a diet of this kind for an aged person who is to submit to an operation!

Mr. BLANTON. Where is that?

Mr. HOEPEL. In Los Angeles. I think we ought to pay more attention to our own country, talk less about Russia, and do more for the United States and for our own unfortunate people.

Mr. BLANTON. I am talking about the American farmer and his rights as compared with the rights of starving farmers in Russia. I do not hesitate to discuss conditions in Russia when Russian Communists have been trying to disrupt the American farmers of the United States.

I do not want to see a condition ever arise in this country where the right of any farmer may be taken from him. I do not want a condition ever to arise in the United States where the Government of the United States may say to a farmer what he shall do, and how he shall do it, and what he shall not do, and where the Government may also say to him: "We will take from you most of the products of your labor."

I do not yield to the gentleman from California.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. May I say to the gentleman from California that one thing I did in this session of Congress I am proud of is my amendment that I got passed on the recent District appropriation bill that will prevent another dollar of American money being paid to any teacher in Washington who advocates or teaches communism in the schools in Washington, which read as follows:

That hereafter no part of any appropriation for the public schools shall be available for the payment of the salary of any person teaching or advocating communism.

I got that amendment placed in the bill, and passed, and it is permanent law. No Communist teacher in the schools of Washington, or anybody else connected with our public schools here advocating communism therein will ever be able to get another dollar of salary out of the Federal Treasury. [Applause.]

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I regret another word seems necessary, but I want to parallel the words made by my good friend the gentleman from Kansas. After all the testimony that has been introduced by our New England Members in reference to the processing tax, I am sorry that our words have not been accepted as facts. Should we have cluttered up the RECORD with the letters and the statements that we have received from our manufacturers? The New England Council received scores of letters from manufacturers stating that they could not pass on this tax. There was one case where the manufacturer testified that after adding all the costs, in order to meet competition he could add only exactly 43 percent of this tax.

Mr. HOPE. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman will admit there has been a great increase in the cost of cotton goods?

Mr. GIFFORD. Indeed we admit that.

Mr. HOPE. It has been handed on. There has been a great increase in the retail price as well.

Mr. GIFFORD. It has not been handed on! The only point I make is that the gentleman said we had adduced no proof. The proof we have adduced is contained in pages upon pages that have been submitted to the special Cabinet committee.

Mr. HOPE. The gentleman has not produced any proof before the House.

Mr. GIFFORD. I cannot admit any such thing. We have testified here personally day after day. We have scores of letters on our desks which we could have put in the RECORD.

These letters have been filed with the Cabinet officers. I do not like the statement that we have not proven our case. I know, and the country knows, that we have proven our case. We could pass on only a portion, and sometimes none, of the processing tax in order to meet competition. The statement is an unfair statement, especially from the very able Member from Kansas, who is usually fair and considerate.

[Here the gavel fell.]

Mr. BEAM. Mr. Chairman, may I direct the attention of the Chairman of the Agricultural Committee and his legal adviser here to page 45, line 1, which states:

The provisions of this subsection shall not apply to (1) any overpayment of tax which results from an error in the computation of the tax, or (2) duplicate payments of any tax, or (3) any refund or credit under subsection (a) or (c) of section 15 or under section 17.

In reference to the computation of the tax, I would like to ascertain from the chairman if that does not also imply an error in the ascertainment or computation of the tax? In other words, suppose an error is made in computing the tax rate. Is that section applicable to an error in computing the tax rate?

Mr. JONES. I doubt whether that would be included. I know what the gentleman is driving at. The trouble in construing it to include that would be that there might be a dispute over the elements which the Secretary considered in making up the rates.

I think any purely mechanical error that might be made in compiling the total tax—

Mr. BEAM. Or any mistake in determining the tax rate applicable to that section would certainly come within the meaning of the section.

Mr. JONES. If it were a mechanical mistake, it would probably be included. An error of law would not be included, because we do not want to put behind these taxes a controversy over whether the Secretary should allow so much consideration to this or so much to that, but if, in making up the tax, he inadvertently used a wrong figure or made a mistake in the compilation, I think such a mechanical or clerical mistake would be included.

Mr. BEAM. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. GIFFORD].

The amendment was rejected.

The Clerk read as follows:

SEC. 30. The Agricultural Adjustment Act, as amended, is amended by inserting after section 21 the following:

#### "IMPORTS

"SEC. 22. (a) Whenever the President has reason to believe that any one or more articles are being imported or are likely to be imported into the United States under such conditions and in sufficient quantities to render ineffective or materially interfere with any program or operation undertaken under this title, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this subsection, to determine such facts. Such investigation shall be made after such notice and hearing and subject to such regulations as the President shall specify.

"(b) If, after such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by order direct that the entry into the United States of such article or articles shall, for such time as may be specified by him, be permitted subject to (1) such terms and conditions, (2) such limitations on the total quantities thereof which may be imported, or (3) the payment of such compensating taxes as he finds necessary to prescribe in order that the entry of such article or articles will not render or tend to render ineffective or materially interfere with such program or operation undertaken under this title. Any compensating tax imposed under this section shall be in addition to any tax imposed under section 15 (e) and the provisions of such section shall apply thereto.

"(c) Any decision of the President as to facts under this section shall be final.

"(d) Upon information of any order of the President under subsection (b), the Secretary of the Treasury shall permit entry of any article or articles specified therein only in conformity with such order.

"(e) After investigation, report, and finding in the manner provided in the case of an original order, any order or provision thereof may be suspended or revoked by the President whenever he finds that the circumstances requiring the order or provision no longer exist, or may be modified by the President whenever he finds that changed circumstances require such modification to carry out the provisions of this section."



Mr. CRAWFORD. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: On page 49, strike out lines 15 to 25 inclusive, and on page 50, strike out lines 1 to 17 inclusive, and insert in lieu thereof the following:

"Sec. 22. (a) In order to put into force and effect the policy of Congress by this act intended, the United States Tariff Commission (1) upon the request of the President, or (2) upon resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the Commission there is good and sufficient reason therefor, upon application of any interested party, shall investigate and find upon such investigation that any one or more articles are being imported or are likely to be imported into the United States under such conditions and in sufficient quantities to render ineffective or materially interfere with any program or operation undertaken by this title, the said United States Tariff Commission shall certify its findings to the President. Such investigation shall take precedence over any investigation authorized by any previous act of Congress.

"(b) Upon the receipt by the President of such certificate issued by the aforesaid Commission, the President shall by order direct that the entry into the United States of such article or articles shall, for such a time as may be specified by him, be permitted subject to (1) such terms and conditions, (2) such limitations on the total quantities thereof which may be imported, or (3) the payment of such compensating taxes as he finds necessary to prescribe in order that the entry of such article will not render or tend to render ineffective or materially interfere with such program or operations undertaken under this title. Any compensating tax under this section shall be in addition to any tax imposed under section 15 (e) and the provisions shall apply thereto."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, every Member of this House knows the concern there is throughout the country today, particularly in the farming sections, caused by the importation of foreign-produced farm goods coming into this country at a time when, through one means or another, the production of farm goods is being held down and acreage is being retired in the United States.

I think, perhaps, if this one objection to the triple A was eliminated there would be a great deal more satisfaction than at the present time. This would remove a great many of the complaints which people have against the triple A; but so long as we do decrease production in this country and at the same time bring in these staggering imports from other parts of the world, there will be a tremendous amount of justifiable opposition to the operations of the Agricultural Adjustment Act.

Section 30, as set forth in this bill, in my opinion, has three very distinctly weak provisions.

One is that when the President has to arrive at such a decision he will have pressure from the reciprocal trade agreement countries pushing on one side and pressure from the producers of such goods in this country pushing on the other, and as between these two forces he must have a reason.

The second point is that the United States Tariff Commission, which is supposed to be a nonpartisan commission, and which is supposed to have power to act without operating under duress or restraint imposed by the President, as set forth in the recent decision of the Supreme Court in the Humphrey case, must as set forth here carry on the investigation under such regulations as the President shall specify. I think therein is a very weak part of this section, and I think it imposes a responsibility on the President which he should not be forced to carry.

I believe this will subject the President to tremendous criticism, and I do not see how he can satisfactorily administer this particular section if he is to set forth the regulations under which the Tariff Commission is to act.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. BOILEAU. I may suggest to the gentleman that the reason for that is to facilitate matters, it being felt by those who proposed this amendment that if the Tariff Commission

operated under their usual methods it would take too long, and therefore the desired results would not be accomplished.

Mr. CRAWFORD. In answer to that statement, I may say that my amendment provides that such an investigation as would come about through this section would take precedence over any other investigation authorized by any previous act of Congress. This would leave the Tariff Commission free to act and carry on its investigation and determine the facts and certify these facts without any pressure from the President.

The third point I wish to bring out with reference to section 30 is that the decision of the President as to the facts under this section shall be final. Let the Tariff Commission determine the facts. Let it be an impartial investigation. Let Congress—either or both Houses have the right to initiate these highly important investigations in these peculiar times of crop reduction when so many people are going hungry—initiate the investigation by passing resolutions to the effect that the Commission shall make them and certify the facts to the President for prompt action. Let those who are being driven out of production, whether it be the processor or the farmer, have the right to appeal to the Tariff Commission to proceed with an investigation for a determination of the facts. Let the Tariff Commission have the right, under its own motion, to make an investigation if it feels that a sufficient quantity of goods are coming in to defeat the intent of Congress as set forth under the provisions of this act. Finally, let there be impartial investigations, nonpartisan investigations, which are the only kind the Commission should make. The Supreme Court has held that the Chief Executive shall not discharge members of the Tariff Commission simply because they do not agree with the tariff and trade policies of the President. Yet if we leave section 30 of the bill as it is now presented to us, we provide a means whereby the President can circumvent the Supreme Court decision and even issue the regulations whereby and whereunder the Commission shall be forced to act. That is not fair to the farm people of this country who are cooperating with the administration in this reduction program. It is not fair to the American people who contribute money in the form of processing taxes all to the end benefit payments may be made for the reduction of the production of food, clothing, and shelter. The enactment of such a provision in this bill, which purports to be in the interest of the American farmer, cannot be justified or successfully defended. Mr. Chairman, I hope the chairman of the committee will accept this amendment. [Applause.]

Mr. REED of New York. Mr. Chairman, I rise in opposition to the amendment. I ask unanimous consent to revise and extend my remarks and to include therein some official figures.

The CHAIRMAN. Without objection, it is so ordered.

Mr. REED of New York. Mr. Chairman, I believe that no person who loves individual liberty can examine the provisions of H. R. 8492—the purpose of which is to vest larger powers of regimentation in the Secretary of Agriculture than he now has under the Agricultural Adjustment Act—without a feeling of apprehension as to the wisdom of the proposed measure.

Almost every section and paragraph of the bill reeks with arbitrary regulations, licenses, pains, forfeitures, fines, and penalties. The poison in these legislative pills is sugarcoated with promises of bonuses, subventions, and a more abundant life to make them palatable until the drug has time to paralyze the victim.

The arbitrary powers under the A. A. A. sought to be vested in the Secretary of Agriculture and the still greater powers the amendments seek to confer upon him invite attention to the record of the official who is to wield these powers. The inflammatory character of the speeches, the propaganda machinery set in motion to mobilize the hatred of class against class by the official who is to administer such arbitrary and sweeping powers under the A. A. A. and under the amendments here proposed ought not to be ignored by those who legislate.



The statements made by the Secretary of Agriculture during his tour of New England, and the misleading and inflammatory statements recently made by him in his speech at Peoria, Ill., are not such as to inspire confidence in his leadership.

The farmers of this Nation, the great rank and file of them, are practical men, fair and honest, and they know that impractical leadership in the affairs of agriculture will in the long run mean disaster to their interests, not success.

To be more specific, what is the record of the Secretary of Agriculture as a formulator of policies and as a practical leader in the field of agriculture? Some very pertinent facts bearing on this point were recently stressed in a radio speech delivered on May 5, 1935, by Dr. G. W. Dyer, professor of economics, Vanderbilt University. Discussing the condition of the farmers in the Southern States, as revealed by authentic official statistics, he said:

There were 1,112,834 farms in the Southern States in 1930 that were operated by full owners. Of this number, only 328,773 were mortgaged. In the Southern States 784,773 farms were absolutely free of mortgages. \* \* \* Less than 28 percent of the farms operated by full owners in the Southern States carry any mortgages at all. Over 78 percent of the farms of Virginia operated by owners are free of mortgage.

Professor Dyer then points out the conditions in Iowa, the home State of the man whom it is proposed to clothe with dictatorial powers to lead the farmers to economic salvation. Here is what he says:

The farm mortgage indebtedness of Iowa is greater than that of all the Southern States combined, with Texas excluded. In the State of Iowa, where Mr. Wallace has been a conspicuous leader in agricultural policies, farm mortgage indebtedness increased over \$285,000,000 between 1910 and 1920. This was an increase of 132 percent; yet this was the period of great agricultural prosperity.

The farmers of New York State have received insignificant benefits under the Agricultural Adjustment Act. This has been openly and frankly admitted by one of the A. A. A. officials, Mr. Chester Davis. Viewed from the angle of the cost of living resulting from the imposition of processing taxes upon the necessities of life, A. A. A. has been highly injurious to the farmers and all other consumers in New York State.

Official figures clearly demonstrate that the purpose and practical effect of the operation of the law is to collect processing taxes in one section of the country and distribute the money so collected to other sections. There had been collected in processing taxes under the A. A. A. from the taxpayers in New York State up to April 30, 1935, a total of \$89,528,119.86. The total rental and benefits paid to the farmers of New York State during the same period amounted, all told, to \$384,519.82.

Broken down as to commodities, \$66,696.24 was paid to farmers in my State for not raising wheat; \$67,384.91 was paid to the farmers for not raising tobacco; and \$250,438.67 for not raising corn and hogs.

The story of Iowa, the home State of the Secretary of Agriculture, presents a very different picture. The taxpayers of the State of Iowa paid in processing taxes during the same period \$27,837,138.47. Rentals and benefits paid to the farmers covering the same period amounted to \$70,376,519.14.

The official records of the A. A. A. show that in nine counties of Iowa up to April 30, 1935, the farmers had received in rental and benefits more than \$1,000,000 each or an actual aggregate sum for the nine counties of \$11,550,173.44.

I respectfully submit two schedules furnished by the Agricultural Department showing the benefits paid to farmers in the State of Iowa and the State of New York, respectively:

SCHEDULE No. 14  
Rental and benefit payments, Apr. 30, 1935

County	Total	Wheat	Corn hogs
<b>IOWA</b>			
Adair	\$809,943.03	\$3,182.91	\$806,760.12
Adams	555,532.63	1,345.78	554,186.85
Allamakee	384,812.80	1,359.72	383,453.08
Appanoose	263,486.81	1,462.12	262,024.69
Audubon	718,746.02	698.23	718,047.79
Benton	918,564.15	1,884.41	916,679.74
Black Hawk	751,253.20	461.88	750,791.32
Boone	666,845.94	1,388.88	665,457.06
Bremer	437,935.76	415.73	437,520.03

SCHEDULE No. 14—Continued  
Rental and benefit payments, Apr. 30, 1935—Continued

County	Total	Wheat	Corn hogs
<b>IOWA—continued</b>			
Buchanan	\$657,837.92	\$483.54	\$657,354.38
Buena Vista	848,725.19	130.97	848,594.22
Butler	676,611.99	64.75	676,547.24
Calhoun	749,858.75	964.62	748,894.13
Carroll	904,395.20	1,067.64	903,327.56
Cass	890,766.73	8,091.12	882,675.61
Cedar	837,106.89	2,024.30	835,082.59
Cerro Gordo	647,736.98	188.64	647,548.34
Cherokee	948,480.20	184.98	948,295.22
Chickasaw	455,845.74	11.76	455,833.98
Clarke	368,223.91	482.56	367,741.35
Clay	734,920.83	52.80	734,868.03
Clayton	822,586.66	1,071.70	821,514.96
Clinton	939,575.51	4,371.92	935,203.59
Crawford	1,168,927.14	7,195.87	1,161,731.27
Dallas	875,685.72	21,164.86	854,520.86
Davis	266,681.15	1,227.54	265,453.61
Decatur	411,243.75	2,626.61	408,617.14
Delaware	697,449.53	—	697,449.53
Des Moines	455,662.53	16,196.09	439,466.44
Dickinson	427,078.28	48.20	427,030.08
Dubuque	648,421.44	675.35	647,746.09
Emmet	471,761.79	1,380.37	470,381.42
Fayette	701,234.99	—	701,234.99
Floyd	485,789.73	1,108.77	484,680.96
Franklin	854,961.09	593.91	854,367.18
Fremont	780,423.50	38,274.79	742,148.71
Greene	739,060.99	426.63	738,634.36
Grundy	687,822.24	131.30	687,690.94
Guthrie	700,349.32	2,249.91	698,099.41
Hamilton	828,915.22	837.34	828,077.88
Hancock	725,788.46	149.34	725,639.12
Hardin	859,540.94	298.21	859,242.73
Harrison	938,719.24	38,586.58	900,132.66
Henry	530,981.19	3,260.86	527,720.33
Howard	368,212.35	166.73	368,045.62
Humboldt	607,068.19	215.74	606,852.45
Ia	751,291.46	137.00	751,154.46
Iowa	882,621.02	5,540.95	877,080.07
Jackson	564,435.87	1,152.85	563,283.02
Jasper	1,182,570.48	12,133.31	1,170,437.17
Jefferson	429,670.91	1,922.06	427,748.85
Johnson	926,933.01	1,679.47	925,253.54
Jones	644,413.90	469.51	643,944.39
Keokuk	823,105.89	2,343.87	820,762.02
Kossuth	1,273,385.35	146.91	1,273,238.44
Lee	314,286.12	7,114.47	307,171.65
Linn	850,825.18	823.47	850,001.71
Louisia	470,782.17	16,511.05	454,271.12
Lucas	328,507.98	863.50	327,644.48
Lyon	701,633.66	435.59	701,198.07
Madison	780,735.00	23,717.13	757,017.87
Mahaska	926,178.42	7,182.20	918,996.22
Marion	743,776.14	6,967.01	736,809.13
Marshall	815,489.62	2,240.80	813,248.82
Mills	664,586.70	26,053.06	638,533.64
Mitchell	460,411.28	522.88	459,888.40
Monona	1,080,335.51	180,552.62	899,782.89
Monroe	308,887.26	2,781.08	306,106.18
Montgomery	732,398.12	14,044.99	718,353.13
Muscatine	485,611.72	6,227.96	479,383.76
O'Brien	761,508.46	306.29	761,202.17
Osceola	485,291.37	—	485,291.37
Page	914,383.27	37,450.51	876,932.76
Palo Alto	728,947.26	371.44	728,575.82
Plymouth	1,060,829.69	5,708.03	1,055,121.66
Pocahontas	790,562.37	797.55	789,764.82
Polk	739,359.89	42,278.02	697,081.87
Pottawattamie	1,537,616.29	16,819.91	1,520,796.38
Poweshiek	952,467.89	743.97	951,723.92
Ringgold	484,442.86	2,071.90	482,370.96
Sac	919,896.46	330.63	919,565.83
Scott	696,512.79	22,171.26	674,341.53
Shelby	1,008,540.51	1,138.91	1,007,401.60
Sioux	1,034,110.83	927.14	1,033,183.69
Story	847,200.61	1,993.53	845,207.08
Tama	966,578.02	1,547.40	965,030.62
Taylor	527,235.70	5,567.53	521,668.17
Union	441,928.53	1,310.16	440,618.37
Van Buren	272,723.64	2,298.01	270,425.63
Wapello	414,943.94	15,559.72	399,384.22
Warren	784,742.30	30,891.41	753,850.89
Washington	872,905.21	1,466.38	871,438.83
Wayne	407,253.01	858.18	406,394.83
Webster	761,579.02	958.43	760,620.59
Winnebago	434,598.45	—	434,598.45
Winnesiek	678,141.40	842.04	677,299.36

SCHEDULE No. 31  
Rental and benefit payments, Apr. 30, 1935

County	Total	Wheat	Tobacco	Corn hogs
<b>NEW YORK</b>				
Albany	\$14,451.66	—	—	\$14,451.66
Allegany	4,119.52	—	—	4,119.52
Broome	5,104.86	—	—	5,104.86
Cattaraugus	11,577.37	—	—	11,577.37
Cayuga	24,292.58	\$3,705.36	\$11,986.11	8,601.11
Chautauqua	5,760.46	—	—	5,760.46
Chemung	18,692.32	237.89	13,618.93	4,835.50
Chenango	3,565.72	—	—	3,565.72



SCHEDULE No. 31—Continued  
Rental and benefit payments, Apr. 30, 1935—Continued

County	Total	Wheat	Tobacco	Corn hogs
<b>NEW YORK—continued</b>				
Clinton	\$1,916.42			\$1,916.4
Columbia	6,906.50	\$287.47		6,619.03
Cortland	557.20			557.20
Delaware	7,950.43			7,950.43
Dutchess	1,870.50			1,870.50
Erie	15,812.93	1,681.72		14,131.21
Essex	4,110.12			4,110.12
Franklin	3,816.13			3,816.13
Genesee	13,578.39	6,387.10		7,191.29
Greene	2,944.71			2,944.71
Herkimer	1,400.26			1,400.26
Jefferson	7,143.67			7,143.67
Lewis	307.76			307.76
Livingston	16,363.39	12,241.65		4,121.74
Madison	4,069.58			4,069.58
Monroe	13,099.79	6,060.87		7,038.92
Montgomery	84.00			84.00
Niagara	11,235.91	3,301.14		7,934.77
Oneida	7,364.11			7,364.11
Onondaga	36,727.52	1,293.91	\$29,014.39	6,419.22
Ontario	19,358.68	9,599.70		9,758.98
Orange	201.35			201.35
Orleans	13,817.10	3,011.97		10,815.13
Oswego	8,082.32		927.32	7,155.00
Otsego	1,155.48			1,155.48
Rensselaer	5,770.73			5,770.73
Rockland	190.19			190.19
St. Lawrence	11,819.65			11,819.65
Saratoga	11,771.32			11,771.32
Schenectady	2,347.23			2,347.23
Schoharie	1,519.53			1,519.53
Schuyler	4,074.25	1,552.70		2,521.55
Seneca	8,591.14	1,766.39		6,824.75
Steuben	15,359.29		11,838.16	3,521.13
Sullivan	1,548.34			1,548.34
Tioga	2,211.11			2,211.11
Tompkins	2,720.40	1,376.29		1,344.11
Ulster	1,059.09			1,059.09
Warren	934.79			934.79
Washington	3,050.55			3,050.55
Wayne	8,676.80	1,968.16		6,708.64
Wyoming	9,312.54	6,109.79		3,202.75
Yates	6,124.13	6,124.13		
Total	384,519.82	66,696.24	67,384.91	250,438.67

Mr. MOTT. Mr. Chairman, I present a substitute for the amendment of the gentleman from Michigan.

The Clerk read as follows:

Page 51, line 4, after the word "section", insert: "Provided, however, That whenever the Secretary of Agriculture shall find that a surplus of any agricultural product or products exists in the United States he shall so certify to the President, and thereupon the President shall by order direct that no such product or products shall be imported into the United States so long as such surplus exists. Such order may be suspended or revoked by the President upon certification by the Secretary of Agriculture that such surplus no longer exists."

The CHAIRMAN. The Chair will say to the gentleman that he does not think that that is a substitute for the pending amendment, but is an amendment to the section.

Mr. MOTT. Very well. I will offer it as an amendment to the section.

Mr. Chairman, this amendment is so plain and simple that I feel that it explains itself.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I am sorry I cannot yield, but I have only 3 minutes. This amendment leaves section 30 as it is. The discretionary authority granted the President by section 30 is still there if he wants to use it. Gentlemen who think the President will use that discretion or authority ought to be satisfied on that score, because this amendment does not interfere with it.

This amendment, however, goes on and says that whenever the Secretary of Agriculture finds that there is a surplus in any agricultural commodity in the United States he shall certify that fact to the President, and the President thereupon shall by order prohibit the importation of that commodity into the United States so long as that surplus exists.

Now, many gentlemen on both sides of the aisle have stated at various times that they want regulation that will keep foreign agricultural products out of this country altogether when our own farmers are producing more of those commodities than they can sell. I speak to the Republicans

who time after time have expressed their opinion on that point. If they want tariff protection that will really protect, if they want regulation that will effectively give the American market to American farmers, let them vote for my amendment. Gentlemen who believe that agricultural commodities in this country of which we produce a surplus should be protected entirely from foreign importations, should vote for this amendment, whether they be Democrats or Republicans. [Applause.]

Mr. HULL. Mr. Chairman, I have an amendment which I send to the desk.

The CHAIRMAN. Is it an amendment to the pending amendment?

Mr. HULL. No; it is an amendment to the section.

The CHAIRMAN. The Chair asks the gentleman to withhold his amendment until the pending amendment is disposed of. The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

Mr. JONES. Mr. Chairman, just a word on that. I hope the House will vote down these amendments. This is a very fine provision as it stands now, under which something may be accomplished. It is not customary in legislation to give directions to the Chief Executive. I think we would be in danger of losing the whole power if the wishes of these gentlemen who want to make it different should prevail. They are somewhat in the position of the dog in Aesop's Fables. Having a piece of meat in his mouth, he saw the shadow of it in the water, and grabbed for what he thought was the better piece of meat and lost it all. This is a good provision if adopted and it can be made very effective. I hope the House will vote down the amendments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and there were on a division (demanded by Mr. MARTIN of Massachusetts)—ayes 51, noes 111.

So the amendment was rejected.

Mr. MOTT. Mr. Chairman, I offer my amendment at this point.

The CHAIRMAN. The gentleman from Oregon offers an amendment which the Clerk will again report.

The Clerk again reported the Mott amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlemen from Oregon.

The question was taken; and there were on a division (demanded by Mr. MOTT)—ayes 52, noes 110.

So the amendment was rejected.

Mr. WITHROW. Mr. Chairman, I offer the following amendment which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. WITHROW: Page 49, line 20, after the comma, insert the following, "or if the domestic price is below the fair exchange value."

Mr. WITHROW. Mr. Chairman, I am deeply concerned with the welfare of the dairy farmer because the welfare of the State of Wisconsin is largely dependent on the welfare of our dairy industry. For the past several years dairy farmers have suffered severely because they have been unable to secure a parity price for dairy products. It is true that during the past several months prices paid to farmers for dairy products have increased, but the farm prices are still below parity and it is obvious that dairy farmers, already faced with bankruptcy, cannot continue indefinitely with prices which do not cover the cost of production.

Because of this very serious situation many representatives of the dairy farmer have come to Washington during the past year to ask that something be done to relieve the dairy farmer. These representatives of the dairy farmers, together with various Members of the House have presented their case before numerous agencies of the Government, only to find that a deaf ear has been turned to their pleas.

The improvement in dairy prices which has occurred has been almost entirely the result of weather conditions and the operations of nature rather than the result of any activity on the part of the various agencies of the Federal Government.



One of the most urgent requests which has been made by the dairy farmers is that they be protected from the competition of foreign imports. At this point let me say that while the activities of the A. A. A. have not helped dairy farmers, they have very materially increased the cost of supplies which dairy farmers must buy and have therefore actually increased the cost of production of dairy products. This fact makes it even more important that protection be afforded against foreign imports.

Despite the fact that butter is now being imported into this country at a price below the domestic cost of production, representatives of the dairy farmers found that the President was unwilling to utilize his power to increase the tariff on butter. I believe that the committee is sincere in its desire to protect our domestic dairy farmers from low-cost foreign imports, and I know that it is the intention of Congress to promote the welfare of our domestic dairy farmers. I do not believe, however, that we will accomplish this purpose by enacting the permissive provisions contained in this bill. It is true that these provisions might work to the advantage of dairy farmers if we could be assured that they would be properly and sympathetically administered, but our experience has been that it has been impossible to secure action under previous permissive legislation very similar to that contained in the committee amendment and I am not optimistic enough to believe that a mere reenactment of what is virtually the present law, will materially benefit dairy farmers.

I am therefore proposing an amendment which makes it mandatory that the President shall take action to prevent importations whenever the domestic price of any farm product falls below a fair exchange value.

My amendment would apply not only to butter but to other dairy products as well and includes all other agricultural products which enter into competition with dairy products.

During the first 2 months of this year the importation of butter into this country has increased more than 20 times over importation during a similar period last year. This rapidly increasing volume of importation, together with the fact that we are approaching the peak of our domestic production season, makes it imperative that action be taken immediately if we are to protect our domestic dairy farmer and the domestic butter market.

It is imperative that action be taken to assure to farmers a parity price for dairy products. I realize that protection from foreign competition alone will not accomplish this purpose, but it is certain that without effective protection from foreign competition, such as would be provided by my amendment, it will never be possible to establish or maintain a parity price in this country.

At this point I ask unanimous consent to insert a table which has been prepared by the Department of Agriculture showing the prices which were actually paid to farmers and the prices farmers should have received during the same period in order to give them a parity price. A comparison of these two prices will show you that farmers have been selling every pound of butterfat at an actual loss; that farmers have been forced to sell their product at a price below the actual cost of production.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Parity prices for butterfat and average prices actually paid to farmers, adjusted to seasonal, by months

	Parity prices butterfat per pound	Actual average farm price butterfat per pound
1934—January.....	42.7	25.7
February.....	43.3	29.0
March.....	43.1	30.2
April.....	41.8	28.4
May.....	41.3	28.6
June.....	40.4	29.1
July.....	40.7	29.4
August.....	41.7	30.8
September.....	43.7	31.7

Parity prices for butterfat and average prices actually paid to farmers, adjusted to seasonal, by months—Continued

	Parity prices butterfat per pound	Actual average farm price butterfat per pound
1934—October.....	44.9	31.7
November.....	45.6	33.9
December.....	46.2	34.9
1935—January.....	46.3	36.9
February <sup>1</sup> .....	46.3	40.4

<sup>1</sup> Latest figure available.

Table prepared by Bureau of Agricultural Economics, U. S. Department of Agriculture.

Mr. WITHROW. There is no justice, gentlemen, in permitting the importation of dairy products when such importation drives into bankruptcy one of the principal branches of our agricultural industry, the dairy farmers.

If we are sincere in our desire to benefit the dairy farmers, then let us do it effectively by the method which is proposed by the amendment which I have introduced. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. JONES. Mr. Chairman, if that amendment were adopted, we would have the President investigating so much all of the time that he would not have time to take action, because he would have to investigate every time the price of a commodity went below parity.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. HULL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HULL: Page 50, line 15, after the word "thereto", insert a comma and the words "and shall be not less than the difference between the cost of production in any foreign country and the cost of production in this country."

Mr. HULL. Mr. Chairman, the purpose of this amendment is to provide that the compensating tax which the President may levy under subsection (b) of this section cannot be less than the difference between the cost of production in our country and the cost of production in any foreign country.

Some 5 years ago there was presented to the Tariff Commission on behalf of Wisconsin dairymen a petition for a revision of the tariff and investigation of the cost of production at home and abroad. That petition is still unacted upon.

Mr. HOPE. Will the gentleman yield?

Mr. HULL. I yield.

Mr. HOPE. Does not the gentleman think that that requirement will necessarily slow up any action, because it will require the Tariff Commission to make studies abroad, and it would delay action to such an extent as to make it ineffective?

Mr. HULL. Oh, they have compiled much information on this same question. They have issued reports on it. All I am asking is that we in the Northwest may have that kind of protection which we need against the introduction of dairy products from countries like the Argentine, New Zealand, and Australia.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. HULL] has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. WITHROW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WITHROW: On page 51, line 4, strike out the period, insert a colon and the following: "Provided, That no importation of any dairy product or other agricultural product which enters into competition with any dairy product shall be permitted unless application is made to the President. Upon receipt of such application for permit to import a dairy product or other agricultural product which enters into competition with any dairy product the President may issue a permit for such importation."



tion if he finds that such importation will not render the domestic dairy program or policy ineffective or materially ineffective. Violation of this provision by any person or corporation shall be punishable by a fine not to exceed \$10,000 for each offense. This provision shall not be construed to prevent the levying of a tax on any dairy product or other agricultural product which enters into competition with any dairy product upon which permit to import has been granted by the President."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

The Clerk read as follows:

SEC. 31. There is authorized to be appropriated for each fiscal year an amount equal to 30 percent of the gross receipts from duties collected under the customs laws during the period January 1 to December 31, both inclusive, preceding the beginning of such fiscal year. Sums appropriated in pursuance of such authorization shall be maintained in a separate fund and shall be used by the Secretary of Agriculture only to: (1) Encourage the exportation of major agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation, (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce; (3) purchase or lease, on behalf of the United States, submarginal agricultural and grazing lands; and (4) finance adjustments in the quantity planted or produced for market of agricultural commodities. The amounts appropriated in pursuance of this section shall be expended for such of the above-specified purposes, and at such times, in such manner, and in such amounts as the Secretary of Agriculture finds will tend to eliminate unprofitable agricultural and grazing lands, bring about the utilization of only such lands as can be profitably utilized, increase the exportation of agricultural commodities and products thereof, and increase the domestic consumption of agricultural commodities and products thereof: *Provided*, That no part of the funds authorized to be appropriated by this section shall be expended pursuant to (3) or (4) hereof unless the Secretary of Agriculture determines that the expenditure of such part pursuant to clauses (1) and (2) is not necessary to effectuate the purposes of this section.

Mr. CARLSON. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section close in 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CARLSON. Mr. Chairman, I want to call to the attention of the House the great need of assisting in the exportation of domestic wheat and wheat flour. The wheat harvest is now on, and the cash wheat market has dropped nearly 25 cents per bushel in the last 60 days. When the reciprocal trade agreement law was enacted last spring our people had great hopes that agreements would be negotiated with other countries, particularly with those that have been good markets for our wheat flour, which would permit mills and wheat growers in the United States to recover a substantial portion of the business they have lost since 1929, but instead of relief, here is what has happened: In every reciprocal trade agreement so far concluded wheat flour milled in bond has been classed as a United States product. This flour, milled from Canadian wheat, which has not paid the 42 cents per bushel duty, was used as a United States product because it was a product of industry. The State Department has been willing to accept this wheat flour in these agreements as though it were manufactured from wheat produced in the United States.

From January 1 to April 1, 1935, exports of flour amounted to 199,355 bushels of wheat, of which 30,668 bushels were milled wholly from United States wheat, and 168,687 bushels were milled from other wheat; or, in other words, 85 percent of our flour exports was from wheat milled in bond furnished by Canada. Trade agreements have been concluded with Belgium, Brazil, and Haiti, but no concessions in the duties on wheat or wheat flour were obtained in any of the agreements.

It is unfortunate that under our present laws flour milled in bond from imported wheat when exported from other nations is treated by our Government the same as flour milled from wheat grown in the United States. This is due to the language that appears in the trade-agreement law

and also in the various trade agreements which have been negotiated.

This question was recently brought to the attention of wheat growers and millers when our reciprocal trade agreement was entered into with Haiti. Haiti has a law which doubles the import duty on articles imported from nations which purchase less than 1 percent of the Haitian exports during a 2-year period. Canada, buying less than 1 percent of the Haitian exports, found its flour with 100-percent increase in duty, but flour milled in bond at Buffalo from imported wheat was held by our State Department to be entitled to the duty allowed United States flour, which enjoyed the regular basis. Many of us had the question up with the State Department, trying to get them to hold that bonded flour should not be entitled to greater privileges than Canadian flour, since such flour, if raised in the United States, would have to pay a duty to our Government, but the State Department turned us down.

The millers are greatly concerned because they feel no reduction of any consequence will be secured in any of the reciprocal trade agreements. Likewise the wheat producers are seriously disturbed because they are getting no relief through the trade agreements. Some months ago an agreement with Cuba was concluded and this contains substantial concessions on the import duty on wheat flour and naturally the millers and wheat growers believe other similar agreements should be developed.

The total flour exports from the United States have declined from 13,663,000 barrels in 1929 to 4,165,000 barrels in 1934. The flour exports milled from wheat grown in the United States have declined from 10,644,000 barrels to 1,793,000 barrels in 1934. This shows a startling decline in this period. In 1929 only 22 percent of our flour exports from the United States were milled in bond from Canadian wheat, but in 1934, 57 percent of our total flour exports were milled in bond. I want to call attention to the serious reduction in wheat exports to various countries.

Formerly the Netherlands and the United Kingdom were our best markets. In 1930 we exported 1,473,000 barrels of flour to the Netherlands, but in 1934 only 81,000 barrels. Our flour exports to the United Kingdom in 1930 amounted to 1,536,000 barrels, and only 66,000 barrels in 1934. For many years Brazil was one of the important markets for flour produced in the United States. In 1930 our flour exports to Brazil amounted to 849,000 barrels; in 1934 they were 160,000 barrels. Our flour exports to Denmark in 1930 amounted to 571,000 barrels, but in 1934 we exported only 33,000 barrels. In 1930 we exported 350,000 barrels to Norway, and in 1934, 147,000 barrels. Finland imported 375,000 barrels from the United States in 1930 and only 14,000 barrels in 1934. These examples are merely typical of the fearful decline in our flour exports. This constant decline in the flour production means a corresponding decline in the volume of wheat required for milling purposes.

In 1929 approximately 529,000,000 bushels of wheat were used in the production of flour. By 1934 the amount of wheat consumed in the production of flour declined to 447,000,000 bushels, representing a milling loss of more than 82,000,000 bushels of wheat.

As a representative of one of the great wheat-producing districts of the United States, I want to protest the use of wheat flour milled in bond from Canadian wheat as a United States product in making reciprocal trade agreements. With the passage of this act it is my hope that the State Department will try and secure tariff concessions in order that wheat growers of the United States might receive some benefits from reciprocal trade agreements. [Applause.]

Mr. SAUTHOFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAUTHOFF: Page 51, line 23, after the word "commodities" and the period, add the following: "None of the lands affected under the provisions of section 31 shall be used for creating any agricultural product within the purview of this act."

Mr. SAUTHOFF. Mr. Chairman, my purpose in offering that amendment is this, that no producer shall receive pay



from the Government for taking his acreage out of production and shall then be permitted to transfer it into pasture on which he can raise sheep, beef cattle, or milk cows, and go into the dairy business. For that purpose, inasmuch as he is paid to take that acreage out of production, in fairness to the other farmers of the Nation he ought not be allowed to go into competition with them.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. SAUTHOFF] has expired.

Mr. JONES. Mr. Chairman, I do not think that would accomplish the purpose. That is covered by the main features of the Agricultural Act.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. SAUTHOFF].

The amendment was rejected.

The Clerk concluded the reading of the bill.

Mr. PETERSON of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Mr. PETERSON of Georgia moves to amend H. R. 8492 by adding new sections at the end of section 33, as follows:

"Sec. 34. The Secretary of the Interior, through the General Land Office, is hereby authorized—

"(a) To purchase any and/or all obligations secured by liens on farm lands, paying for the same an amount not exceeding the normal value of such lands plus the useful value of buildings and improvements thereon.

"(b) To settle and liquidate all obligations acquired under this act where the mortgagor is still in possession of such lands and where the total normal value of the lands plus the useful value of the buildings and improvements thereon exceeds the total encumbrances thereon, in the following manner: The mortgagor shall be permitted to retain of the mortgaged lands, free of any such obligation, an amount of the land involved which will equal in value to the difference between (1) the total normal value of the total lands encumbered plus the useful value of buildings and improvements thereon and (2) the total amount of the encumbrances. Such settlement shall be made in such manner as will vest in the General Land Office fee-simple title and possession to the remainder of such lands.

"(c) To recognize the right of every mortgagor to carry out the provisions of his obligation, and upon receipt from such mortgagor of complete payment of his obligation and satisfaction of indebtedness according to the terms of his contract, to cancel such obligation and convey it back to the mortgagor.

"Sec. 35. The Secretary of the Interior is hereby authorized to purchase fee-simple title to any and/or all farm lands held by the mortgagee or lienholder under a foreclosure concluded after January 1, 1920, paying for the same an amount not exceeding the normal value of such lands plus the useful value of buildings and improvements thereon and not exceeding the amount of indebtedness under the mortgage or other lien at the time of foreclosure.

"Sec. 36. The Secretary of the Interior is authorized and directed—

"(a) To make all lands coming into possession of the General Land Office under this act a part of the public domain.

"(b) To classify all lands in the public domain according to their fertility, adaptability, and usefulness for farm purposes.

"(c) To withhold and retain from private ownership all the public domain not suited for farm purposes.

"(d) To divide all public lands suitable for farm purposes into tracts, to be known as 'homesteads', of suitable size for the support of a family of average size under normal conditions, taking into consideration the fertility of the soil and general farm conditions and requirements in the section where said lands are located in determining the size of such tracts.

"Sec. 37. The Secretary of the Interior, through the General Land Office, is hereby authorized and directed to grant homesteads provided for in this act to any person who is the head of a family, subject to the following terms and conditions:

"(a) The applicant must have met the general requirements of the homestead acts now in force, not inconsistent with this act, before homestead under this act may be granted.

"(b) Preference must be given to farm families living on farms at the time this act goes into effect—a prior right in mortgagors living on encumbered lands at the time of liquidation of indebtedness to acquire homestead within the bounds of said encumbered lands shall be recognized as a fundamental policy of this act.

"Sec. 38. (a) Homestead grants shall include only the rights of possession and use of the lands included in such homestead tract, but such rights shall be just as full and complete as though the lands were held under fee simple title.

"(b) The Secretary of the Interior shall provide regulations whereby homestead grants provided for in this act may be exchanged.

"(c) No person shall be permitted, at any given time, to have title to more than one homestead tract under this act.

"(d) No person who is the owner of farm land shall be granted a homestead under this act.

"(e) Authority to sell, encumber, or in any manner make such homestead tract subject to any debt shall not be granted and is hereby prohibited as a fundamental policy of this act, and any exercise of or attempt to exercise any such power is hereby declared to be void and of no legal effect.

"(f) Homestead grants, under this act, shall be free except that a nominal registration fee of not exceeding \$10 may be charged.

"Sec. 39. (a) The laws, including those relating to taxation, of any State or political subdivision in which any lands coming into the possession of the Secretary of the Interior under the terms of this act are situated shall apply in the case of such lands in the same manner and to the same extent as such laws apply in the case of privately owned lands.

"(b) Upon failure of any owner of homestead grant under this act to meet all such obligations on the lands held under such homestead grant, his rights under said grant shall be forfeited and shall revert to the General Land Office, and said Office shall have power to eject the owner from possession and repossess such lands, making them again eligible for entry by other qualified applicants under this act.

"Sec. 40. There is hereby authorized to be appropriated, from time to time, such sums as may be necessary to carry out the provisions and intent of this act."

Mr. JONES. Mr. Chairman, I make the point of order against the amendment that it is not germane to the bill.

The CHAIRMAN. Does the gentleman from Georgia desire to be heard on the point of order?

Mr. PETERSON of Georgia. Mr. Chairman, this amendment provides that the farmers, the actual farmers themselves, shall be permitted to enjoy the greatest possible benefits from the other portions of this act or from other similar acts passed by Congress. In my opinion, the amendment is germane to the legislation now before us, because it is in strict harmony with the purpose of the act.

The CHAIRMAN. The Chair is familiar with the wording of the amendment. While there may be some relationship between the purposes of the amendment and the bill, they are not so close as to make the amendment germane. The pending bill is a production-control measure, whereas the amendment offered by the gentleman from Georgia deals with an entirely different subject matter.

The amendment is clearly subject to the point of order, and the Chair sustains the point of order.

Mr. UTTERBACK. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. UTTERBACK. Mr. Chairman, this session of Congress has had before it many bills of great importance to the people of the entire Nation, but no bill that has been before this Congress up to the present hour is of greater importance, not only to the people of the agricultural districts of this country but to the people of the entire Nation, than the pending bill amending the Agricultural Adjustment Act.

This bill is important because our agricultural interests want and need the extension of the benefits of the agricultural adjustment program. This bill is important to those representing industrial districts for the simple reason that industry in this Nation cannot prosper, cannot recover, unless the agricultural interests of this country likewise prosper.

Two years and a half ago I saw corn shoveled into the furnaces and stoves of homes and public buildings in the State of Iowa—corn that had been offered for sale or had been sold at 10 cents and less per bushel. Farmers who receive such prices for the things they raise and produce can never purchase the things that are produced by industry and labor. It seems to me self-evident, therefore, that if we are to have industrial recovery, we must have agricultural recovery. On the other hand, if we are to have agricultural recovery in this country we must have industrial recovery. The farmer cannot sell the things he produces and receive therefor a reasonable price unless labor is employed, unless business is receiving a fair and just income upon the amount of money honestly and prudently invested in that business.



So, Mr. Chairman, I hope no Member of any agricultural area and no Member of any industrial area will vote against this bill.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. UTTERBACK. I yield.

Mr. SABATH. It is the opinion of the gentleman, I take it—and I know he has given a great deal of thought and study to this problem and to this legislation—that it will be legislation not only in the interest of the farmer but in the interest of commerce, in the interest of labor, and in the interest of the entire Nation?

Mr. UTTERBACK. That is my judgment and opinion.

Mr. SABATH. After thorough study and consideration of the subject matter?

Mr. UTTERBACK. Yes.

The CHAIRMAN. All time has expired. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Cox, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes, pursuant to House Resolution 230, he reported the same back to the House with sundry amendments.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded upon any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 168, noes 52. So the bill was passed.

A motion to reconsider was laid the table.

#### EXTENSION OF REMARKS—H. R. 8492

Mr. EICHER. Mr. Speaker, at the outset of my remarks let me state unequivocally that I shall vote for the pending bill. Its provisions fall short, in my judgment, of laying down a program for agriculture that is economically sound, permanently workable, and thoroughly in the national interest. Serious danger also exists that its processing tax framework may not pass the inspection of the Supreme Court when the test of Federal power under the interstate commerce clause and the taxing authority of the Constitution is applied. Because of these doubts, and also because reduced production is progressively reducing our foreign trade and making more acute our unemployment and many other national problems, I have long been urging the adoption of amendments that will substitute cost of production for parity in determining the minimum return to the agricultural producer for those products consumed at home, and such lower price for exports as will move our surplus on the world markets.

However, until these sounder provisions find a place on our statute books I shall support the processing tax because it is the farmer's tariff, hoping always that we may have the foresight to place our economic and constitutional house on a surer foundation before our Court of last resort brings it crashing about our ears.

In the confident hope that my researches will contribute something of value to congressional and public thought on this problem of all national problems, I am setting forth (1) a legal study of the processing tax versus cost of production in the light of recent Supreme Court decisions, and (2) a summarized and also a detailed explanation of the amendments to the Agricultural Adjustment Act that are suggested in my bill, H. R. 5580, and (3) a reprint of my bill in full, amended in several particulars to meet fully and squarely the constitutional discussion contained in the recent N. R. A. decision of the Supreme Court (the Schechter case).

I

Keeping in view the doubts that the Schechter decision has cast upon A. A. A.'s framework, it is my purpose to

present herein a synopsis of the vital amendments to A. A. A. that H. R. 5580 proposes, and to demonstrate the unquestionably sound economic and constitutional foundation that, with their adoption, would then underlie the administration's entire farm program:

It will leave unrepealed all of the A. A. A. except its parity provisions and for them substitute the minimum cost of production price for the domestic consumption percentage of all farm commodities.

It will make mandatory, under penalty, the payment to producers of not less than the minimum domestic price for the domestic consumption percentage of each delivery in interstate commerce, and the issuance of receipts to producers for the export percentage of each delivery—the cashing of their receipts to await disposal of such exportable surplus on the world market by a Government export agency.

It is estimated that 90 percent of domestic consumption of staple agricultural products moves in interstate commerce between production and consumption, wherefore the small, uncontrolled intrastate market will inevitably be upheld to the preponderant federally maintained minimum. The State is to the Nation like the Nation is to the world. It is easy to keep our domestic market price up to the world market price, but not so easy to keep the world price up to our own desired level, as we have found to our sorrow.

Congressional authority to decree minimum—cost of production, fair competition—prices for agricultural products moving to their markets through interstate channels is amply sustained by the decisions hereinafter digested. The Schechter case defines the termination of interstate commerce. Also, it throws doubt on the Federal power to control production, either by compulsion or by inducement through taxation-raised benefits; this for the reason that such activities precede the beginning of interstate commerce. Under H. R. 5580 the first and only impingement of Federal power occurs when the producer starts the specific commodity into the "flow", the "current", of interstate commerce.

The Government's control over the allocation of domestic consumption percentages remains flexible, adjustable, even to the point of proclaiming production limitation of a particular crop when deemed necessary, the inducement to comply being not by benefits but by requiring the acceptance of more world-market receipts by noncomplying producers.

Manufacturing exporters, notably of textiles, can recover their lost foreign markets for finished goods by buying their raw materials from the Government export agency at a low enough price to enable them to do so, the deficit, if any, below the world price, resulting to the producers, to be made up by a processing tax on the particular commodity. This tax will be very small as compared with the present rate, and, because levied on the subject of, and for the purpose of furthering interstate and foreign commerce, will be unquestioned as to validity. There can be on it no shadow of suspicion that it is used as a mere subterfuge to make possible the exercise of an otherwise nonexistent Federal power.

It is definitely demonstrable that the A. A. A., with its existing machinery, can accurately ascertain uniformly applicable average production costs on average farms over 5-year periods that will be scientific and equitable and practically workable. For example, using the accepted practices of industry as a yardstick, it is true and can be established that over a 5-year period, reckoning the average farm as a business unit, the difference in cost of raising a bushel of corn on the average 158-acre Iowa farm and on the average 450-acre North Dakota farm will be less than 1 cent per bushel.

"Dumping" will in no sense occur; rather, through the Government surplus export agency the revival of world trade can be accelerated by processes of orderly marketing and bargaining. Price will move our agricultural products again into foreign consumption just as the Webb Act of 1918 legalized sales, below cost, of industrial goods abroad.



Fifteen years ago the net world trade of American agriculture and American industry was substantially equal. Now American agriculture has a heavily unfavorable balance of world trade, whereas American industry holds a heavily favorable balance.

In approaching the study of the decisions, let it be borne in mind that under these amendatory provisions to the A. A. A. the law first speaks when the producer seeks to market his production in the flow of interstate commerce; and then it commands the purchaser, under penalty, to pay to the producer for the domestic consumption percentage of his crop only not less than it cost the producer to raise it. That is the extent of the artificially stabilized market. With reference to the export percentages the producers are under no compulsion, except only that their interstate commerce buyer cannot legally purchase their domestic consumption percentages at the cost of production price unless they surrender to the Government at the same time the export percentages of their production and accept receipts therefor which they can later cash at the world price.

The distinguishing language between inter- and intra-state commerce, contained in the N. R. A. case of *Schechter against United States*, decided by the Supreme Court on Monday, May 27, 1935, is the following:

The undisputed facts thus afford no warrant for the argument that the poultry handled by defendants at their slaughterhouse markets was in a "current" or "flow" of interstate commerce and was thus subject to congressional regulation. The mere fact that there may be a constant flow of commodities into a State does not mean that the flow continues after the property has arrived and has become commingled with the mass of property within the State and is there held solely for local disposition and use. So far as the poultry here in question is concerned, the flow in interstate commerce had ceased. The poultry had come to a permanent rest within the State. It was not held, used, or sold by defendants in relation to any further transactions in interstate commerce and was not destined for transportation to other States. Hence, decisions which deal with a stream of interstate commerce, where goods come to rest within a State temporarily and are later to go forward in interstate commerce, and with the regulation of transactions involved in that practical continuity of movement, are not applicable here. See *Swift & Co. v. United States* (196 U. S. 375, 387, 388); *Lemke v. Farmers Grain Co.* (258 U. S. 50, 55); *Stafford v. Wallace* (258 U. S. 495, 519); *Chicago Board of Trade v. Olsen* (280 U. S. 420, 439); *Tagg Bros. v. United States* (280 U. S. 420, 439).

2 Did the defendants' transactions directly "affect" interstate commerce so as to be subject to Federal regulation? The power of Congress extends not only to the regulation of transactions which are part of interstate commerce but to the protection of that commerce from injury.

Following is a review of the five cases above cited:

*Lemke v. Farmers Grain Co.* (258 U. S., p. 50) was a suit involving the constitutionality of a statute of North Dakota regulating among other things the prices to be paid by dealers for grain purchased from producers. The majority opinion by Mr. Justice Day held that the State statute was an unconstitutional interference with interstate commerce in view of the evidence that practically all the wheat purchased by the complainant in the case was for shipment to and sale in the Minneapolis market, and that this being the course of business, it fixed and determined the interstate character of the transaction. The majority opinion also distinguished the line of cases defining the beginning of interstate commerce as that time when goods begin their interstate journey by delivery to a carrier or otherwise by saying:

None of them indicates, much less decides, that interstate commerce does not include the buying and selling of products for shipment beyond State lines.

The majority opinion contains this further language:

It is alleged that such legislation is in the interest of the grain growers and essential to protect them from fraudulent purchases and to secure payment to them of fair prices for the grain actually sold. This may be true, but Congress is amply authorized to pass measures to protect interstate commerce if legislation of that character is needed. The supposed inconveniences and wrongs are not to be redressed by sustaining the constitutionality of laws which clearly encroach upon the field of interstate commerce placed by the Constitution under Federal control.

The minority opinion by Mr. Justice Brandeis, with whom Mr. Justice Holmes and Mr. Justice Clarke concurred, stated

that the acts of the local dealers whereby the grain was bought at less than its fair value constituted frauds against which the Federal act did not purport to afford any protection, and further said:

So far as the transactions were wholly intrastate, Congress was without power to do so. So far as the sales were part of transactions in interstate commerce, the power was ample; but Congress did not see fit to exert it. \* \* \*

The minority opinion further stated:

The requirement that the buyer shall take only a proper margin for graded grain is, in effect, requiring that he pay a fair price. Laws designed to prevent unfair prices are ordinarily enacted to protect consumers. But there is no constitutional objection to protecting producers against unconscionable bargains if conditions are such that it is they who require protection. Nor can there be any constitutional objection to using as a factor in determining what is fair the price prevailing in terminal markets even if they happen to be located in another State.

*Stafford v. Wallace* (258 U. S., p. 495) involved the right to injunctive relief against orders of the Secretary of Agriculture promulgated pursuant to the Packers and Stockyards Act of 1921. The majority opinion by Mr. Chief Justice Taft held that sales of livestock in the Chicago stockyards were not merely local transactions, saying further:

They create a local change of title, it is true, but they do not stop the flow; they merely change the private interests in the subject of the current not interfering with, but, on the contrary, being indispensable to its continuity. \* \* \* It is manifest that Congress framed the Packers and Stockyards Act in keeping with the principles announced and applied in the opinion in the *Swift* case. The recital in 2, paragraph b, of title I of the act, quoted in the margin, leaves no doubt of this. The act deals with the same current of business and the same practical conception of interstate commerce.

The extract from the Packers and Stockyards Act set forth in the margin at page 520 is as follows:

The first title, 2, paragraph b, provides that "for the purpose of this act \* \* \* a transaction in respect to any article shall be considered to be in commerce if such article is part of that current of commerce usual in the livestock and meat-packing industries, whereby livestock (and its products) are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State, or for slaughter of livestock within the State and shipment outside the State of the products resulting from such slaughter. Articles normally in such current of commerce shall not be considered out of such current through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this act."

*Swift & Co. v. United States* (196 U. S., p. 375) involved the validity of injunctive relief against violations of the Sherman Act of 1890, and it was distinctly held as follows:

When cattle are sent for sale from a place in one State with the expectation they will end their transit after purchase in another State, and when in effect they do so with only the interruption necessary to find a purchaser at the stockyards, and when this is a constantly recurring course, it constitutes interstate commerce and purchase of the cattle is an incident of such commerce.

The following is quoted from the majority opinion by Mr. Justice Holmes at page 399:

It should be added that the cattle in the stockyards are not at rest even to the extent that was held sufficient to warrant taxation in *American Steel & Wire Co. v. Speed* (192 U. S. 500). But it may be that the question of taxation does not depend upon whether the article taxed may or may not be said to be in the course of commerce between the States, but depends upon whether the tax so far affects that commerce as to amount to a regulation of it.

*Chicago Board of Trade v. Olsen* (262 U. S., p. 1) was a suit to enjoin enforcement of provisions of the Grain Futures Act of 1922. In the opinion of the Court by Mr. Chief Justice Taft (Justices McReynolds and Sutherland dissenting) it is said:

In the act we are considering Congress has expressly declared that transactions and prices of grain in dealing in futures are susceptible to speculation, manipulation, and control which are detrimental to the producer and consumer and persons handling grain in interstate commerce and render regulation imperative for the protection of such commerce and the national public interest therein. \* \* \* But it is contended that it is too remote in its effect on interstate commerce, and that it is not like the direct additions to the cost of the producer of marketing cattle by exorbitant charges and discrimination of commission men and dealers, as in *Stafford v. Wallace*. It is said there is no relation between



prices on the futures market and in cash sales. This is hardly consistent with the affidavits the plaintiffs present from the leading economists, already referred to, who say that dealing in futures stabilizes such prices. It is true that the curves of prices in the futures and in the cash sales are not parallel and that sometimes one is higher and sometimes the other. This is to be expected, because futures prices are dependent normally on judgment of the parties as to the future, and the cash prices depend on present conditions, but it is very reasonable to suppose that the one influences the other as the time of actual delivery of the futures approaches, when the prospect of heavy actual transactions at a certain fixed price must have a direct effect upon the cash prices in unfettered sales.

*Tagg Bros. & Moorhead v. United States* (280 U. S., p. 420) was also a suit to enjoin the enforcement of an order of the Secretary of Agriculture under the Packers and Stockyards Act prescribing a maximum tariff charge for the services at the Omaha stockyards. Appellants stressed the claim that price fixing being a direct taking of property for a supposed public benefit cannot be resorted to unless just compensation is given in return. The unanimous opinion of the Court written by Mr. Justice Brandeis contains the following language:

The argument is that in "legislative price fixing there are vital distinctions from the constitutional standpoint between property and the use of property on the one hand and personal services on the other; \* \* \* that this rate fixing is in essence wage fixing since the stockyard services performed by the plaintiffs involved only skill and labor and that wage fixing was held to be beyond the power of Congress. \* \* \* There is here no attempt to fix anyone's wages or to limit anyone's net income. Differences in skill, industry, and experience will continue to be factors in the earning power of the several plaintiffs. For the order fixes only the charges to be made in individual transactions."

Finally, it is to be remembered that in the New York State Milk Control case decided last year (*Nebbia v. New York*, 291 U. S. 502) the Supreme Court confirmed the right of a State under its police power to fix the prices of milk. In the field of interstate commerce the power of Congress is just as complete. In *Brooks v. United States* (267 U. S. 432) the Supreme Court upheld the right of Congress to forbid the transportation of a stolen automobile in interstate commerce on the ground that, within the field of interstate commerce, Congress enjoyed plenary police power.

## II

The bill is an ambitious effort so to amend the Agricultural Adjustment Act as to preserve all the gains made by the very efficient administration of its emergency provisions and to lay the foundation for a permanently workable farm policy that will be thoroughly consistent with the Democratic platform pledges of 1932.

In summary:

First. It repeals no part of the A. A. A. except the parity provisions, and substitutes therefor the cost-of-production principle as to the percentage of agricultural production that is domestically consumed.

Second. The exportable surplus—beyond the needs of an "ever normal granary"—is to be handled by a Federal agency on the world markets and net accounting made to producers—receipt holders—without subsidy or other cost to the Government.

Third. It empowers the Federal agency to supply manufacturing exporters with raw materials from the exportable surplus, under bond, at a price that will permit successful competition abroad with foreign manufacturers of similar products, the deficit, if any, from the net world price to be made up by processing taxes, which will obviously be less than one-tenth of the present schedules.

Fourth. It preserves the county and State committees, adding to their duties important advisory functions as fact-finding agencies for the Department of Agriculture in ascertaining costs of production for the various commodities and in compiling from year to year the necessary production and consumption data.

Fifth. It will induce voluntary as opposed to compulsory adjustment of acreage and production through that self-interest whereby losses suffered from the sale of excess production on world markets will impel farmers to transfer acreage to crops whose volume of production is nearer the demands of the domestic market.

Sixth. It will in no sense require "dumping", but, on the contrary, will permit controlled marketing by a Federal agency through orderly bargaining. It will contribute substantially auxiliary strength to the arms of the Department of State and the Department of Commerce in effectuating the important reciprocal trade program and in preventing the increase in subsidized competitive acreage in foreign lands.

Seventh. It empowers the Secretary of Agriculture to build up and maintain an ever normal granary out of the surplus at net world prices to the producer and to arrange for storage on farms under seal.

Eighth. It provides for loans to producers on their exportable percentages pending disposition on the world market.

Ninth. It invokes existing powers of the Government to protect domestic price levels by compensating and flexible tariffs, or by embargoes.

Tenth. It specifically reaffirms the power of the Secretary of Agriculture to limit production of any commodity, and sets up simplified alternative machinery to effectuate any desired production control program.

Eleventh. It will reduce consumer costs by promoting the stabilization which will reduce the speculative spread between prices received by producers and prices paid by consumers.

Twelfth. It will completely disarm those special interests which would destroy the A. A. A. and its tremendous accomplishments for agriculture without providing a substitute.

Thirteenth. The certain increase in agriculture's potential buying power will forthwith reopen factories, and the greater volume of commodities to be handled will substantially reduce unemployment.

Fourteenth. It is constitutional under the power to regulate interstate commerce and the power to regulate the value of money in commodities. If supplementary State legislation should prove desirable, there can be no doubt of its unanimous enactment.

DETAILED EXPLANATION OF H. R. 5580, TO AMEND A. A. A. BY SUBSTITUTING COST OF PRODUCTION FOR PARITY AND PROVIDING SURPLUS CONTROL WITH CONCESSIONS TO MANUFACTURING EXPORTERS

An appropriate text for this discussion is available in the following excerpt from the 1934 report of the Secretary of Agriculture to the President, at page 6:

Necessary as it was to meet the curtailed foreign markets and the surplus crisis of 1933, reduction in the output is only a partial and paradoxical answer in the long run to the crying need which is briefly expressed in the phrase "balanced abundance." The problem is to retain fair and reasonable profits without falling into the pit of scarcity economics.

The serious danger exists at this moment that blind opponents of "equality for agriculture with industry", willfully ignoring the truism that without it no lasting national recovery is possible, may convince our anxious country that we are in fact falling into that "pit" so graphically pictured by Secretary Wallace, and may thus accomplish the undoing of all the splendid progress that has been made toward agricultural revival under his sincere leadership since 1933. The amendments to the A. A. A. proposed in this bill, it is earnestly believed, point the only sure and safe way to the hoped for "balanced abundance", and at the same time will permit successful transition from the stop-gap devices of our emergency period to a permanently workable and economically sound farm policy that will foster the reestablishment of normal domestic and international relationships in the fields both of agriculture and of industry. Every business that endures necessarily receives cost of production. If agriculture is to remain the bulwark of our economic order and is not to sink to peasantry, it must be encouraged to operate on the basis of fair exchange both as to volume and values.

As to foodstuffs in general, it may be said that, given a cost of production return to the producer for the domestically consumed percentage, he could afford, if necessary, to give away the exportable surplus. Wheat normally averages the greatest percentage of surplus, for from 1920 to 1932, inclusive, we exported 20 percent of our wheat, including



flour. In industry generally, the sales commissions and expenses run from 20 percent to perhaps 100 percent. In the great automobile industry they run as high as 35 percent. If the farmers gave the Government 20 percent of their wheat as a commission for fixing the price of the other 80 percent at a cost-of-production level, they would not be out as much as industry generally pays for selling its products. Hog production comes next, and the percentage of surplus is about half as much as the wheat percentage. The  $1\frac{1}{2}$  percent of corn and less than 1 percent of oats could be given to the Government without feeling the loss. As for beef, we have no surplus. Therefore, the farmers' problem is to get a cost-of-production price for the percentage consumed at home. Every labor organization concedes this right to farmers, and recent meetings of the textile industry have done the same. If the Government took these small surpluses, it would realize something in world markets, pay the expenses of handling them, and return something to the farmers.

Cotton presents a different problem, for the reason that over half of our cotton is exported. We also have underconsumption of cotton at the present time, just as we have of food products. Furthermore, the reduction of cotton acreage, especially in Texas, has taken away the jobs of many thousands of cotton pickers and has added to the unemployment and relief rolls. It has also reduced railroad tonnage and export business, about 90 percent of Texas cotton being exported since they have few mills for manufacturing. The A. A. A. has helped the cotton farmers by means of the 12-cent loans, and has strengthened the price of corn in the same way. Perhaps these loans have also helped the world market by holding back this cotton to some extent. If the Government could render these benefits by means of a loan, it would do much better if it had absolute control of the cotton exportable surplus. This surplus has amounted to about 65 or 70 percent of the world market for cotton, not of the world production, but of the proportion of cotton sold from one country to another. Anybody who has 65 or 70 percent of the world market requirements and has his products paid for, so that the bank cannot call his note or the sheriff sell him out, is in a position to influence and improve that world market. Also, if the Government were in control, it could use this control both ways, and perhaps check the increase of world production that is certainly encouraged by plowing up the cotton fields of the United States.

The proposed amendments provide for the protection of any foreign markets now held by American exporters, and they can buy from this exportable surplus enough raw material to meet all such demands at the world price. The bill also provides a further protection of American manufacturers by permitting the Government agency to furnish them raw materials at such prices as will enable them to compete in foreign markets with their finished product. This price may be less than the world price to be received by the farmers, which may cause a deficit, the only deficit that can occur under the provisions of this bill. In order to meet such deficit a processor's tax is provided.

Cotton is the principal product to which these provisions will apply. The amount of processor's tax to be paid on the cotton that is used for manufacture into exportable goods is not one-tenth as much as is now paid by the textile industry. If the industry itself pays this tax, there is no reason for the farmers to object, and little ground for anybody else, if it results in recovering foreign markets.

This bill seeks to combine the virtues of the A. A. A., the McNary-Haugen plan, the export-debenture plan, and the principle of cost of production for domestic consumption, plus the receipt plan of surplus control first suggested by Senator McAdoo. It meets the situation first by retaining or improving the farm organizations which the Secretary of Agriculture has set up under the Adjustment Act. Section 20 gives all farm organizations an equal voice and provides a place for those not in the organization at all.

Their duties, however, will be changed. Instead of meeting to make allotments of the number of acres their neigh-

bors will be permitted to plant, they will meet to discuss and figure out their cost of production, and this is an education needed by every farmer. Under the plan of this bill the reduction policy can perhaps be abandoned entirely upon all production except cotton, and probably even on that. The farmers are to get receipts for the percentages for exports and they get a final settlement at the world price. If they overproduce, they will get more of these receipts and a lower world price, and that is all the check deemed necessary, even on cotton.

Under this plan the Secretary of Agriculture ascertains the average cost of production to farmers of each product during the preceding 5-year period. It is thought fairest to use an average of years rather than the uncertainty of any one particular season. The individual farm is considered as a business unit and the method of computation is the same as in industry. The farmer gets the same pay for management, labor of himself, family, and hired help, as for like services in industry. He is given an adequate allowance for the depreciation of soil, improvements, equipment, stock breeding animals, work animals, buildings, and also for taxes and other overhead charges. He is allowed 4 percent upon his capital investment. Checking through the history of the country we find that 4 percent has been the average annual earnings of all capital at a normal level of values during all the history of the country, and the farmers are willing to accept the actual facts of capital earnings in our American economy. The Secretary of Agriculture estimates the total production of each farm crop as it approaches maturity. He estimates the percentage to be used in domestic consumption and to be moved in interstate commerce and he also estimates the percentage that will be for export, if any. He then makes public announcement of the cost of production price for the percentages consumed at home, and all dealers are required to pay not less than the announced prices to the farmers as they sell their crops. For the export percentages the dealer will issue a receipt countersigned by a Government agency and he will deliver that percentage to such agency with compensation for storage and handling. This Government agency can retain any portion of the exportable surplus to meet shortage in years of drought or other calamity, but it must remove it from the domestic market for all other purposes and dispose of it in world markets to the best advantage. At the end of the marketing season, as prescribed by the Secretary of Agriculture, these receipts will be redeemed at the post offices by this Government agency at the net price realized in the world markets, and without expense to the Treasury of the United States.

All of this can be done as a permanent remedy and solution of the farm problem. It is not an emergency matter. The parity price, as provided in the A. A. A., is repealed and the cost-of-production price substituted therefor. This is the only fundamental change in the Adjustment Act, but it is not believed that reduction of acreage will be necessary after these provisions are put in operation.

The Grain Futures Administration of the Agricultural Department has prepared a chart showing the range of the wheat market from 1897 to 1934. On this chart is a bar for each month's range of price. The amazing fact appears that during the war period the price of wheat varied from about 40 to over 100 cents during a single month. This market was usually so manipulated that wheat was bought from farmers at the low figure and sold by the speculators at the high figure. This chart shows that the farmers sold their wheat in the latter part of 1916 and the early part of 1917 at an average of \$1.51 per bushel. A considerable portion of it was held over and later sold before the new crop by the speculators at a price as high as \$3.45 per bushel. The price of flour to the public was fixed largely on this higher market. President Wilson was displeased with this situation and arrived at the conclusion that the \$1.51 was too low for the farmers in war time, and the \$3.45 was too high for the speculators. On August 10, 1917, he signed a bill authorizing the Government to fix a cost-of-production price and buy the surplus at that price. Four days later he



appointed his Farm Commission. Sixteen days later this Commission completed its deliberations and on the 30th of August fixed the price of wheat at \$2.20 per bushel, No. 1 Northern, Chicago. The Wheat Corporation bid that price and wheat immediately went to that level. This chart shows a straight line of wheat prices after it was thus fixed by the Government, the only straight line of prices without fluctuation or gambling in the history of wheat. Railroad rates went up 6 cents per bushel and the chart shows an equal rise of the wheat price as fixed by the Wheat Board. The Wheat Corporation bought and held \$585,000,000 worth of wheat to maintain this fixed price. The shortage of world production then sent the price above the American price and the Wheat Corporation sold at a profit of \$59,000,000. A few farmers were able to hold their wheat from the 1916 crop to the high speculative market in 1917. One of the great farm leaders was able to do this and he was always inclined to criticize the Wheat Corporation for pulling down the price. It did pull down the speculative price but it just as certainly raised the farmers' price.

We are now in a depression far worse than the war. Everything that was done then is more than justified now, and this bill will do the same thing for wheat and all the other products that Woodrow Wilson did in war time, and he gave the farmers the best prices and the greatest prosperity they have ever had in all their history. Their share of the national income during the war was about 20 percent, while at the present time it is only about 9 percent. More than 40 percent of our population is agricultural, and at all times it is entitled to a share of the national income at least as large as Woodrow Wilson actually gave it in war times.

This bill unites the farmers, the laboring people, and the industries. It gives the farmers the cost of production for their products, and this includes an adequate annual wage for labor, and it provides a concession to give industries a chance to make a winning fight for foreign markets.

It is said that if the price of agricultural products be increased to a cost-of-production level it will cause overproduction. Many of us who know the farmers reach an opposite conclusion. With low prices the farmer will plow up every fence corner and will try to produce enough to meet his taxes and expenses. With reasonable prices he will not make such supreme efforts. Furthermore, the analysis by the National Industrial Conference Board in its report entitled "Agricultural Problems in the United States—1926" shows that the agricultural plant has been in full operation since 1900 and that the per capita acreage and production are both constantly declining, and it concludes:

The average farmer and his family under present conditions are working so hard, and the overhead charges for interest and taxes are so high, that stabilization or even moderate increases in prices would hardly be likely to stimulate any considerable general over-expansion of acreage or production.

This conclusion is fully sustained by the Agriculture Department's record of production and by the observations of Secretary Wallace in his book entitled "Agricultural Prices", at page 61.

What is the general economic effect of paying \$500,000,000 in benefits to farmers to reduce acreage? The crops that would be produced upon this acreage at prices outlined in this bill plus the increased price on other acreage would be more than six times the value of the benefit payments, and then, too, the benefits are a taxed income and not a produced income. The conclusion follows that the general income of agriculture is lower by over \$3,000,000,000 than it would be if this bill were in effect. This reduction in buying power closes factories and turns labor out of employment and deepens the industrial depression. And yet there are those who persist in maintaining the defeatist position that there can be no further improvement in agriculture except through industrial improvement. They fail to give adequate weight to the most certain factor of all, namely, that throughout our Nation's economic history agricultural production and resulting buying power was the John the Baptist of our industrial development and wealth—including factory pay rolls—and not vice versa. It is also true that much of our

burdensome farm-mortgage indebtedness represents the increment prior to 1920 of agricultural capital values which was used as buying power by agriculture to build up our tremendous industrial structure.

As stated by the financial writer of the National City Bank in its bulletin for April, the Secretary deserves general support in his unremitting effort to bring the country to understand that the elementary principle of foreign trade is that exports of goods can be paid for only by imports of goods, services, or gold. But the contention that foreign lack of dollar exchange explains the 41-percent decline since last August in cotton exports is untenable, for the reason that during the period of decline foreign countries have been selling more goods to the United States and thus have had more dollar exchange. They have been buying more of other American goods, and have also bought more cotton from other countries. The writer states that during the first half of this season mills outside the United States used 1,100,000 bales less of American cotton than a year earlier, but nearly 1,000,000 bales more of other growths, their consumption of all cotton thus showing only a nominal decrease. The conclusion is obvious that our loss of cotton exports is not primarily the result of inability to buy, but of a shift in foreign demand from American to other growths, due to the more favorable prices at which the foreign growths have been selling. It appears that during the first 4 months of this season Egyptian, East Indian, and Brazilian cotton sold from half a cent to more than 2 cents a pound lower relative to American cotton than they did on the average in the three previous seasons.

Finally, it is important to note that the bill is in every respect designed to carry out the principles and demands of the Democratic platform. In formulating our permanent farm program we certainly dare do no less. The scientific studies of the Department of Agriculture itself disclose that a liberal diet for the American people would require the production from many millions more of our acres than our average cultivation of the 5 years preceding 1933. And our population increased 17,000,000 from 1920 to 1930. Those facts must be recognized in determining our long-run policy.

No; national self-containment is not the road we must choose. The American people did choose when they ratified the Democratic platform of 1932 and thus made it a binding contract. The order-taking method of salesmanship is out-moded. If we would reattract our former foreign customers we must fill our shelves, show our goods, and quote the right price. Industry sells its excess production abroad at whatever price the "traffic will bear." Revive agriculture by according it the same privilege.

### III

[H. R. 5580, 74th Cong., 1st sess.]

A bill to amend title I of an act entitled "Agricultural Adjustment Act" (Public, No. 10, 73d Cong.), and to provide additional relief by increasing agricultural purchasing power, and for other purposes

*Be it enacted, etc.,* That title I of the Agricultural Adjustment Act of the Seventy-third Congress be, and the same hereby is, amended by adding thereto the following sections:

"Sec. 20. For the purpose of assisting him in carrying out the provisions of this act the Secretary of Agriculture shall appoint committees of farmers residing in the respective governmental subdivisions for which they are appointed and shall promulgate regulations governing appeals from their decisions. There shall be a committee for each State, and for each county or parish, and for each township, to be known as 'State, county, or parish, and township adjustment committees', respectively, and the membership of each committee shall be not less than three nor more than five. Each national and representative farm organization having a total membership of over 50,000 shall be entitled to designate one member for each of said committees, and the remaining member or members of each of said committees shall be farmers who are not and have not been members of any farm organization. The Secretary of Agriculture shall, from time to time, obtain reports from said committees on conditions in their respective jurisdictions that are pertinent to the decisions he is required to make under this act and shall arrive at such decisions after he has had the benefit of the statistical and other informative matter contained in such reports and after conference with national officers of the respective farm organizations above described.

"Sec. 21. The Secretary of Agriculture shall annually ascertain the average cost to farmers, considering average yields and production during the preceding 5-year period, of the production of



each agricultural commodity produced in the United States. All items of cost shall be considered and calculated in accordance with the formula and method commonly used in the manufacturing industry. He shall consider the individual farm as a business unit and shall include compensation to farm operators for management, and for labor of themselves and their families and hired help, equal to the compensation paid for like services in industry, together with adequate allowance for depreciation of soil, improvements, equipment, stock-breeding animals, work animals, and buildings, and also for taxes and other overhead charges. He shall also determine the investment value of the property devoted to the production of such commodities, using the official census data so far as pertinent, such determination to be at the normal level of values between inflations and depressions reckoned over such period of time as will make possible the accurate ascertainment of such normal value, and upon the property investment value as so determined there shall be calculated and allowed a capital return of 4 percent. He may also ascertain and allow an equitable differential against varying transportation costs to different markets and may establish such zones or classifications as are appropriate and necessary therefor.

"Sec. 22. The Secretary of Agriculture shall annually determine and designate the beginning and ending of the appropriate marketing period for each agricultural commodity, and shall also annually estimate the volume of production for the current year of each such commodity. Prior to the marketing period for each such commodity he shall also estimate (1) the percentage thereof required for domestic consumption, and (2) the percentage thereof, if any, remaining for export.

"Sec. 23. The Secretary of Agriculture shall thereupon make public proclamation and announcement of the cost of production figures and the domestic consumption and export percentages aforesaid and of the date when and the period for which the same shall be controlling as provided herein upon the sale and purchase of each such commodity, and upon request he shall furnish detailed information to all dealers, manufacturers, millers, elevators, processors, packers, butchers, ginners, compressors, and other agencies dealing in or handling the same. After such effective date all said dealers, manufacturers, millers, elevators, processors, packers, butchers, ginners, compressors, and other agencies shall, except as modified in section 27 of this act, pay to the farmers not less than the cost of production price determined and proclaimed as aforesaid for such percentage of each delivery in interstate commerce of such commodity as is not estimated for export: *Provided*, That to all farmers making delivery within the first 30 days after the duly proclaimed beginning date of the marketing year applicable to the commodity so delivered the allowable minimum shall be 2 percent less than the cost of production price as aforesaid, and to all farmers making delivery during the second 30-day period after such beginning date the allowable minimum shall be 1 percent less than the cost of production price. If in the judgment of the Secretary of Agriculture the objectives of this act, including the furtherance of orderly marketing, require such action, the Secretary shall proclaim such further reasonable upward variations in the allowable minimum as may be necessary to attain such objectives, and also to govern such marketings by producers as may not have been completed during the designated marketing year. For the percentage, if any, of each such delivery thereof as has been estimated for export as aforesaid there shall be issued and delivered to the farmers a receipt, countersigned by such agency as the President of the United States may designate, which receipt shall show the grade of the commodity. Sales from one farmer to another for feeding, breeding, or seeding purposes shall not be subject to the provisions of this act. For the purpose of this act a transaction in respect to any commodity shall be considered to be in interstate commerce if such commodity is part of that current of commerce that is usual in the industry or industries engaged in the handling of such commodity whereby such commodity (and its products) are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State, or for manufacturing, milling, processing, packing, slaughtering, ginning, compressing, or in any manner handling such commodity or any part thereof within the State and the shipment outside the State of the products resulting therefrom. Articles normally in such current of commerce shall not be considered out of such current through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this act.

"Sec. 24. At such reasonable time as the Secretary of Agriculture may direct, the said dealers, manufacturers, millers, elevators, processors, packers, butchers, ginners, compressors, and other agencies dealing in or handling such farm products shall deliver to such agency as the President may designate all of the percentage of said commodities estimated for export in the kind and grade as receipted or in processed form as hereinafter provided. If and when authorized by the Secretary of Agriculture, bills of sale evidencing storage of such exportable percentages on farms under seal will be accepted by such agency in lieu of the physical delivery of the property. In the case of livestock and poultry, the packers and also the butchers, after processing the same subject to Government inspection, shall make delivery of the percentage estimated for export in the form of livestock and poultry products, provided that the butchers may deliver their percentages through packers, and the said agency shall pay the reasonable cost of processing; and the same provision shall apply to milk and the processors thereof. If unable to make reasonable and satisfactory arrangements for such processing, then such agency shall purchase or acquire by

condemnation or construct the proper equipment and facilities. Such agency shall provide by rental, purchase, or construction, or by condemnation in State or Federal courts, the necessary storage and terminal facilities for handling the export percentages, and shall remove same entirely from the domestic market, except for emergency purposes, and shall hold and dispose of the same to the best advantage in any world market, and through the Postal Service shall redeem the receipts in the net amount realized for each product after deducting all costs and expenses of handling and disposing of the same. On the direction of the President, such agency shall hold in storage such portion of the said exportable percentages as it may deem advisable as a reserve against emergencies, droughts, and crop failures, and any portion thereof that is undisposed of on settlement date shall be held for such purpose. Settlement shall be made in full not later than the end of each designated marketing period and each farmer shall have the option to accept in full the net world price, at the time of settlement, for the percentage withheld for emergencies, or he may accept a credit of 90 percent thereof upon his receipt and await the final disposal for any balance that may be realized, or, if he has received a 90-percent loan as hereinafter authorized, he may continue the same without interest until such final disposal. The said agency is directed to estimate the cost and expense of handling each of said commodities and to estimate the probable world price and through the Postal Service to make loans to any farmers upon the security of their receipts up to 90 percent of the net value thus estimated.

"If in any locality the demand for domestic consumption is greater than the national estimated percentage, the said agency is authorized to supply the deficiency out of the exportable surplus from the same or other convenient locality at the cost of production price plus transportation, storage, and handling charges, and it shall maintain a national balance by purchasing, upon the same terms, like amounts from the percentage estimated for domestic consumption in localities where the demand for domestic consumption is less than the national estimated percentage.

"If any farmer at any time is unable to sell his products in the regular markets, the said agency is directed to accept and receipt for the exportable percentage of his production as herein provided for, and to purchase from him the percentage of his production for domestic consumption at the cost of production price and is authorized to resell such domestic consumption percentage in the domestic market at the same or higher price.

"If the percentage estimated for domestic consumption should be insufficient to supply the domestic demand, the said agency is authorized to supply such shortage out of the exportable percentage at the cost of production price, plus storage and expenses.

"Sec. 25. The Secretary of Agriculture is authorized to advance, from time to time, to the Postmaster General such sums as are shown to be required for the handling and redemption of the receipts as provided herein, and for the making of loans thereon, and for the expenses of the Post Office Department in connection therewith. At the request of the Secretary of Agriculture, the Postmaster General under such regulations as he may prescribe shall require the employees of the Post Office to perform, without extra compensation, such fiscal agency services as may be desirable and practicable in connection with the handling, safe-keeping, and redemption of said receipts, and the making of loans thereon.

"Sec. 26. The said agency is authorized to use the resources and facilities of the Export-Import Bank, and upon order of the President, may use any funds collected in processors' taxes, or that are provided in section 12 (a) of the Agricultural Adjustment Act for carrying out the provisions of this act.

"Sec. 27. That part of the Agricultural Adjustment Act relating to price parity with other products is hereby repealed, and the method of determining prices as herein provided is substituted therefor: *Provided, however*, That, if before the beginning of any production year the factors of visible supply, prospective demand, and prospective production volume are such that in the judgment of the Secretary of Agriculture, guided by the reports that have been submitted by the various State, county, or parish, and township committees, a limitation is necessary upon the production of any agricultural commodity or commodities during the ensuing year, he shall determine and proclaim a uniform percentage of reduction for the information of each producer of such commodity: *Provided further*, That the encouragement of small-unit farming as distinguished from large-scale farming is hereby declared to be desirable public policy, and the Secretary of Agriculture is, therefore, directed to determine and proclaim such reasonable differential in acreage and percentage reduction as will discourage uneconomic overproduction and will promote the social objective of more family occupied and operated farm homes. He is also directed to adopt as the production base the normal production capacity of each farm, reckoned in accordance with average farmerlike methods and practices of diversification, fertilization, and rotation, and the average annual yields and production of the same or similar farms during the preceding 5-year period. In the marketing of each such commodity produced during such year the farmer shall be paid, as herein provided, for the full domestic consumption percentage of each delivery of said commodity only in the event he presents to the purchaser at the time of sale the certificate of his county adjustment committee that he has complied with such proclamation of limitation. Any farmer delivering for sale without presentation of such certificate shall be paid not less than the proclaimed cost of production price, as provided herein, only for such portion of the domestic consumption percentage of each delivery thereof as remains after deducting from such domestic consumption percentage the per-



centage of proclaimed production limitation applicable thereto. For the entire remainder of each delivery each such farmer shall receive and shall accept only the receipt that is hereinbefore provided for, and said entire remainder shall be handled accordingly.

"SEC. 28. By the enactment hereof the Congress declares and invokes its constitutional power to regulate interstate and foreign commerce, to promote the general welfare, and to regulate the value, in agricultural commodities, of all authorized money.

"SEC. 29. Any person, dealer, manufacturer, miller, elevator operator, processor, packer, butcher, ginner, compressor, or other agent dealing in or handling such farm products, who violates the provisions of this act by paying less than the cost-of-production prices provided for herein shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

"SEC. 30. The said agency is directed to protect all foreign markets for the exportable surplus of agricultural products now being held or hereafter acquired by exporters, and for that purpose is directed to furnish the necessary products, when available, at the net price to farmers as herein provided; and said agency is further directed to furnish to processors and manufacturers, under bond or other adequate guaranty of performance, from the exportable surpluses coming into its possession, any raw materials to be processed or manufactured and exported, and to do so at prices that will permit such processors and manufacturers to meet competition with their products in foreign markets upon fair and reasonable terms. Processing taxes shall be levied with respect to such commodities at such rate as may be necessary to make good any deficit in the net prices payable to farmers for the exportable surpluses thereof.

"SEC. 31. The President of the United States, the Secretary of Agriculture, the Secretary of the Treasury, the Secretary of State, and the Secretary of Commerce are directed to cooperate in exercising their lawful powers, through the medium of foreign trade agreements, and through other appropriate measures for restriction or expansion of imports of competing agricultural commodities, their byproducts, and/or competing substitutes, to maintain the prices to farmers for the domestically consumed percentages of all agricultural commodities as nearly as may be within a range not exceeding 10 percent above the proclaimed cost-of-production price level."

Mr. NELSON. Mr. Speaker, the Agricultural Committee, of which I have long been a member, has devoted many weeks to careful consideration of this bill to amend the Agricultural Adjustment Act. As a result, we now have a measure reported from the committee without a dissenting vote and which I am glad to support.

This bill differs greatly from the original draft. Some controversial features, including the issuing of so-called "imposed licenses" were taken out, while desirable additions, such as the export bounty plan, were put in. If the bill contained nothing more than the latter provision designed to help in marketing abroad more of our surplus farm crops it would be entitled to support.

In fact, as a permanent farm help I regard this as perhaps the most valuable feature of the bill. Back in 1929, when the Hoover farm marketing measure, against which I was one of 35 House Members to vote, was before our committee, I offered an amendment to put this provision in the bill, but without success. So it is with some satisfaction that I now see, in substance at least, the same provision approved, not only by the House, but, if I read the papers correctly, by the Republican "grass roots" meeting recently held in Illinois.

But before discussing further the proposed amendments to the Agricultural Adjustment Act I wish to speak of the original act itself. This measure, while not perfect, is remarkable in at least one respect. For the first time, the farmers of the United States were allowed to have their own plan tried out. Until this bill was approved by Franklin D. Roosevelt no other President had been willing to let producers have what they wanted in the way of farm relief legislation and which the Congress, notably by the passage of the McNary-Haugen bill, had done the utmost to grant. There was no veto of farm legislation by President Roosevelt as there had been by President Coolidge and President Hoover.

As to how long it may be advisable to continue the main provisions of the A. A. A. it is now too early to say. It is certain, though, that up to now, due in part to the terrible drought of 1934 in the Corn Belt, the wheat and corn-and-hog checks, have saved many farmers from complete failure. Right now, when excessive rains and consequent floods are delaying corn planting and holding up other farm work in last year's drought region, the outlook would be darker still

but for the Roosevelt farm program, for which all farmers may be truly thankful.

Personally, I have not thought of the present farm program as permanent in the sense of affording a full and satisfactory solution of the agricultural program, a program of as vital interest to the cities as to the country, for until the purchasing power of the farmer has been restored the big, once self-satisfied cities cannot prosper as in the past. Incidentally, we have heard in the discussion on the bill now under consideration complaints to the effect that to provide crop payments to farmers is unfair to city consumers. My answer is that whenever he has money to spend the farmer buys goods and so helps the merchant, manufacturer, and others in the cities. The man who is broke is a poor customer. To help the farmer is to help all.

Getting back to what I was about to say, what I should like would be to see us get rid, within reason, of all subsidies, but so long as there is continued a high protective tariff, greatest of all subsidies, it is advisable to do what we can do, directly or indirectly, to relieve agriculture of the heavy burdens imposed. In other words, as it sometimes is necessary to fight fire with fire, so it may be necessary to fight subsidy with subsidy. This is what some of the A. A. A. provisions mean—mean the tariff in reverse, mean benefits to the farmer.

We cannot afford to be content with present conditions, but must look to getting back our foreign markets. Well can we afford to spend as much money for market expansion as for crop curtailment. Prosperity through plenty, rather than security through scarcity, should represent our ultimate aim. I have no great fear, in the future years, of an overproduction of food in America, taking 1 year with another, provided there is proper distribution. I say this because population is increasing, while acre yield, due to loss of soil fertility, is decreasing.

If at any time there is overproduction of staple crops two avenues are open. Either a proper part of the surplus may be stored—and this "ever normal" granary plan as now advocated by Secretary of Agriculture Wallace and as referred to in the story of Joseph's interpretation of Pharaoh's dream as told in the forty-first chapter of Genesis, holds good—or plans may be perfected to market more of the farm surplus abroad. As to the latter, the present high protective tariff stands most in the way.

Speaking of the tariff, I quote briefly from a great keynote speech, a real agricultural program, as made by Franklin D. Roosevelt at Topeka, Kans., on September 14, 1932:

The present administration, and the two previous administrations, in all of which the President was an important member, failed utterly to understand the farm problem as a national whole, or to plan for its relief; and second, they destroyed the foreign markets for our exportable farm surplus beginning with the Fordney-McCumber tariff and ending with the Grundy tariff, thus violating the simplest principle of international trade, and forcing the inevitable retaliation of foreign countries.

"One way of attacking this disparity is by restoring international trade through tariff readjustments. You farmers put this well in a single phrase, 'we must make the tariff effective.'"

"When the depression in agriculture began in 1921, Republican leaders first sought to belittle the plight of agriculture. They claimed that the old familiar tariff remedy would suffice, and they offered the Fordney-McCumber Tariff Act, passed (God save the mark) under the ironic label of farm relief. The Republican leaders in positions of national responsibility at that time—and this, of course, includes the then Secretary of Commerce—either did not or would not realize the change in international conditions due to international debts. They closed their eyes to the outstanding economic fact. Prior to the war we had paid our interest on our debts to Europe by means of agricultural exports. After the war, because we had changed to a creditor, and Europe was in debt to us, it was necessary that we demand either goods or gold in return. The Fordney-McCumber tariff barrier shut off the normal trend of trade. Europe could not pay, so she could not buy. Specifically, she began to stop buying our surplus farm products."

So, Mr. Chairman, in supporting the bill now being considered—a bill containing many good features, some temporary yet necessary to help get agriculture out of the hole where it was at the beginning of the Roosevelt administration, and others more permanent in character—I feel, as Mr.



Roosevelt expressed in his address from which I have just quoted, that as a long-time proposition the assistance promised in getting back foreign markets is best of all.

Truly, to again quote from the Roosevelt speech at Topeka:

Industry can never prosper unless the agricultural market is restored and farm buying power returns.

Happily, as shown by present prices for livestock and grain and practically everything else the farmer has to sell, as compared with "before Roosevelt" prices, farm buying power has even now advanced far on the return road.

Mr. PLUMLEY. Mr. Speaker, I believe that the people of my State know that I do not approve of the governmental theories or the principles incident to and involved in the original so-called "triple A" legislation. I cannot yet believe that these theories or principles are right or that they will be upheld, either by the people themselves or eventually by the Supreme Court, insofar as the delegation of power to regulate and to regiment and to impose taxes among other matters and things to which I object are found in the act.

Moreover, I am fearful that the power which is granted may be used equally as well to the disadvantage as to the advantage of those who favor the act as originally drawn and now sought to be amended. I just cannot bring myself to favor the theories which underlie the original legislation, and I question very seriously that any ultimate benefit to agriculture is effected by these amendments.

I am not a prophet, nor the son of a prophet, but one is not required so to be in order to venture the opinion that the A. A. A. will eventually go the way of the N. R. A. And this I know is the opinion of many of its most interested advocates. It is a situation that confronts us, however, and not a theory, for the dairy farmers and others whose interests are tied up with and in them in my State have been aided and assisted by the original A. A. A. Act, insofar as its provisions applied to the milk licenses, and there is no denying the fact. Their very livelihood was at stake; and under the act, whether it be constitutional or not, their interests were or have been protected, their dairies were saved, and they received more for their milk at their door as producers than they otherwise would have received in the present chaotic condition. In the proposed amendments they see their hope of continued existence, if not prosperity, and there is considerable force in their contention. What helps them helps indirectly and directly all the people of my State. One cannot conscientiously oppose, on grounds real or imaginary, legislation that really benefits the farmer.

As some of you know, I could not bring myself to support some of the other bills which were presented to the Committee on Agriculture for its consideration, my principal objection being against the delegation of authority to the Secretary of Agriculture. But this bill which we are today considering materially changes the former bills and definitely limits and circumscribes the authority of the Secretary of Agriculture. Even this bill does not go as far as I would like to have it, but some of the objections which I have had to the former legislation have been removed. I do not like the provisions of the bill which prepare the way for the maintenance of artificial prices, the restriction of imports, and the dumping of exports abroad. I do not like the confused scramble for temporary gains regardless of the principles which are involved and with little thought for the ultimate welfare of the farmer. Nevertheless, it cannot be overlooked there are temporary gains, and that the dairy farmers in my State are in a desperate situation.

This bill affords temporary relief which he must have if he is to survive the present chaotic condition, so I am constrained to vote for the bill; to be an opportunist if you like, and for once to follow Thomas Jefferson, of whom it was said:

He was an opportunist to be sure. He never refused the half loaf he could get because of the whole loaf he could not have. He trimmed his sails at times to save his craft, and this was wisdom. He compromised at the call of necessity.

I am going to vote for these amendments, hoping, but very much in doubt as to whether or not I am voting for the best ultimate interests of the farmer.

It is the milk situation in Vermont which is the compelling and determining motivating force which impels me to vote as I do. I am advised, and with reservations I admit that as a temporary measure the provisions in the act involving assistance to the dairy farmers are justified by their interests and exigencies. They themselves admit they are not favorable to the use of compulsion on the part of the Federal Government as a general rule, but they contend that so long as certain handlers of milk and other dairy products refuse to cooperate with the dairy farmers so that the farmers may receive a reasonable return for their toil, just so long do they feel that it is entirely right and proper for the Federal Government to exercise its powers to the end that the farmer will receive his fair share of the consumer's dollar. It may not be right and proper, but I see no other way out in the existing situation.

I am also advised the marketing agreement provision of the A. A. A. is amended by this bill in an effort to define the limits of interstate commerce in a manner which will comply with the rules laid down by the Supreme Court in the N. R. A. case.

They aver that the old license section of the A. A. A. has been entirely rewritten and that the changes insofar as they affect dairy farmers are as follows:

First. The term "license" is abandoned and the word "order" is used in its place. This change is made because of the fact that the penalties for violation have been changed from a revocation of the violators right to do business to a schedule of fines. This change made the use of the word "license" meaningless. The word "order", on the other hand, is used in connection with the Packers and Stockyards Act, the Interstate Commerce Commission Act, the Federal Trade Commission Act, and similar Federal legislation.

Second. The definition of "interstate commerce" in the order section is amended to meet the requirements of the Supreme Court in the N. R. A. case.

Third. To meet the requirement of the Supreme Court that definite limitations must be placed on delegation of authority, to the executive or administrative branches of the Government, the provisions which may be placed in an order are definitely set out. These provisions in the case of milk and its products are:

(a) Provisions for fixing the minimum prices to be paid producers or associations of producers by distributors or processors.

(b) Provisions for the fixing of prices on a use classification basis.

(c) Provisions for differentials to cover grade, quality, location, production, volume, and market.

(d) Provisions for the use of the individual dealer-pool plan, the market-pool plan, and the base-surplus plan. In connection with the individual dealer-pool plan the act requires that such a plan must be approved by three-fourths.

The plans for selling milk above discussed are the ones used in practically every milk market in the United States. They have been developed over a period of the last 20 years by the cooperative associations who, during this period, have been selling milk in the various markets of this country.

(e) Provisions for the operation of an equalization fund in the market so that all dealers will pay the same price for milk in each use classification.

(f) Provisions requiring that new producers receive the manufacturing price for a period of 90 days after they come into the market.

(g) Provisions providing for a check-off from producers for the purpose of verifying weights, sampling and testing, and for the guaranty of dealer payments.

(h) A provision guaranteeing the right of a cooperative association operating in more than one market to blend its sales and pay its producers in accordance with the contract between the cooperative and its producers. This does not,



however, permit any cooperative to sell milk at prices less than those fixed by the Secretary's order.

(i) Provisions prohibiting unfair methods of competition and unfair trade practices.

(j) Provisions for the appointment of market administrators or industry boards to administer the orders.

The provisions above discussed are the only ones which may be included in orders covering milk and its products. It is not necessary, however, that each order contain all of these provisions. Only those provisions which are necessary in the particular market or in connection with the individual product will be used. Certain of the provisions will naturally be used only in orders affecting fluid milk and cream, while others will be used only in connection with manufactured milk products in the event that the producers of manufactured dairy products desire to utilize the marketing agreement and order sections of the bill.

Fourth. Every order issued by the Secretary must be based on a marketing agreement. Orders may be issued by the Secretary—

(a) To make effective a marketing agreement signed by the processors, distributors, or other handlers of at least 50 percent of the volume of the commodity or product covered by the order; or

(b) Where the processors, distributors, or other handlers refuse to sign a marketing agreement the Secretary with the approval of the President may issue an order making such marketing agreement effective if two-thirds of the producers by number or volume of the commodity or product covered by the proposed marketing agreement approve the issuance of such order.

Fifth. The Secretary is required to terminate any order issued by him when such termination is requested by a majority of the producers in number and volume of the commodity or product covered by the order.

Sixth. The Secretary is required to give due consideration to the different conditions existing in the production and marketing of commodities in various parts of the country.

Seventh. Retailers of milk and producer-distributors are required to comply with the provisions of any order affecting them.

Eighth. In determining whether producers approve or disapprove a proposed marketing agreement or in determining whether they desire to terminate any order, the Secretary is given permission to allow bona fide cooperatives to voice the sentiments of their producers. We feel that Congress should make it mandatory on the Secretary to accept the expression of the bona fide cooperative association as evidence of the sentiment of its membership.

Ninth. The act provides for the filing of reports by parties to marketing agreements or persons subject to orders and the examination of their books and records relative to operations affecting the marketing agreement or order. This information must be kept confidential by the Secretary except in cases of hearings or law suits on violations of any agreement or order. The Secretary is, however, permitted to publish the names of violators and to issue composite reports in connection with the operation of marketing agreements or orders which shall not identify information obtained from any particular person.

Tenth. A provision is contained authorizing the Secretary to cooperate with State agencies in connection with programs under the A. A. A. This provision also requires that before any confidential information is furnished to such agencies that they shall agree to keep such information confidential in the same manner as is required of Federal employees under the act.

Eleventh. The bill provides for the collection from all handlers of their pro rata share of the expense of administering a marketing agreement or order. The share of any cooperative under this section is to be measured by the quantity of the commodity distributed, processed, or shipped by such cooperative.

There are those who contend that the decision in the Schechter case spells the eventual finding by the Supreme Court that the A. A. A. and these amendments are uncon-

stitutional, and very able lawyers are convinced there can be no question that this will be the case. On the other hand, there are equally as able lawyers who hold to the contrary.

I was interested in what the gentleman from North Carolina [Mr. COOLEY] had to say in respect to the legal construction which would be given the act, especially with reference to milk-marketing orders or licenses. He said:

In metropolitan milk markets, such as Boston, there is, of course a relatively small volume of milk which is produced in the same State in which it is distributed, and hence does not move in interstate commerce. The application of milk orders to this relatively small amount of milk is amply justified under the doctrine that Congress has the power to regulate interstate commerce when intrastate commerce is so intermingled with the interstate commerce regulated that effective regulation of the latter requires regulation of the former, or when the regulation of interstate commerce alone would give an unfair competitive advantage to intrastate commerce of the same character, or when intrastate commerce directly affects or burdens interstate commerce. Thus, the Interstate Commerce Commission may regulate intrastate railroad rates when such intrastate rates, if unregulated, would hinder effective regulation of interstate railroad rates, or would discriminate against those who ship goods in interstate commerce (the *Shreveport case*, 234 U. S. 342; *United States v. Louisiana*, 290 U. S. 70; *New York v. United States*, 257 U. S. 591).

It seems obvious that in these interstate milk markets the fixing of minimum producer prices for interstate milk could not be effective without fixing equivalent prices for intrastate milk which is in direct competition with interstate milk, and the fixing of minimum producer prices for interstate milk alone would clearly discriminate against such milk.

Therefore it would appear that there can be no very serious question that the fixing of minimum producer prices for milk is permissible under the due-process clause of the fifth amendment. *Nebbia v. New York* (291 U. S. 502) and *Hegeman Farms Corporation v. Baldwin* (293 U. S. 163) established that fixing such minimum producer prices for milk does not contravene the due-process clause of the fourteenth amendment, and it is well settled that the restraints of the fifth amendment upon congressional legislation are no greater than those of the fourteenth amendment upon State legislation (*Heiner v. Donnan*, 285 U. S. 312, 316).

Some time ago Governor Smith, of Vermont, appointed a special commission composed of E. B. Cornwall, of Middlebury, Vt., chairman; John P. Candon, of Pittsford, and Wallace H. Gilpin, of Barton, to investigate the Boston milk-market situation, which commission made the following report:

In the light of Judge Brewster's decision against the Boston milk license, and in favor of the Seven Oaks and Westwood Farms organization, whose producers are in Vermont, every milk producer in Vermont must realize that the market is in the most precarious situation in several years, and that now is the time for every producer to give his utmost to cooperate with his purchasing unit, and that such unit if need be, must temporarily give and take with other units to preserve the advantage now offered the producer by the A. A. A. Boston milk license. It is more important just now that there be complete cooperation between organizations than at any time in years, to prevent an absolutely ruinous situation in the Boston market.

The Seven Oaks decision is a most unfortunate one from the Vermont producers' standpoint. Producer groups have been altogether too ignorant of the effect they may be having upon the entire market, by what seems at the moment a personal gain in market or in price. Unfortunately, too, we find there is a fostering of sentiment among individual producers against other groups. This is probably unintentional in some cases. In others it appears intentional.

There is still a lack of friendliness between producer groups which tends to destabilize the market. This is unfortunate and is causing a most unhappy sentiment against Vermont and Vermont milk producers as a whole in Massachusetts. Legislation is threatened in that State, which would harm all Vermont producers, because of the growing feeling in Boston and in Massachusetts that Vermont producers are quarreling among themselves. This is one of the most serious points in the entire situation. Let every individual producer and producer group remember this: If Massachusetts passes laws against Vermont, it will be probably largely the result of Vermonters' actions.

If the different marketing units continue to jockey for position in case of a smash-up, the smash-up is inevitable. It will mean a milk war, the cost to be borne by all the farmers of New England. It will be useless to try to allocate the blame, probably no unit will be blameless. The fact is that the farmer who is now beginning to pay his bills and meet his interest payments at the bank will again be "broke."

If the units will cooperate to a reasonable extent, the present license system can be saved and improved, regardless of lawyers and court decisions. This result will be made easier of attainment if Vermont's congressional delegation and those of other States realize the importance of the passage of the A. A. A. amendments.



Commenting with respect to this report the Hon. Wallace H. Gilpin, a member of the Commission, has this to say:

Problems surrounding milk production, milk prices, and milk marketing are among the most argued questions in New England. This has been true since the New England dairyman became essentially a milk producer instead of a butter and cream manufacturer, and there is no reason to believe the problems can be permanently settled to the satisfaction of all factions.

A few fundamental features of the problems might well be considered and if once established in the minds of those who would discuss milk problems, will assist in making certain phases of the situation clear. One of the first is to realize that the price paid the producer for class 1 milk is an artificial price forced to a higher level than the natural price milk will bring manufactured into any of many dairy products, such as butter, cheese, casein, etc. Such artificial price invites trouble. Witness farmers in one area attempting to get two ratings for a single farm in order to get more milk into the class 1 level; and in the market consider the temptation to sell class 2 milk at the class 1 price.

In order to give every milk producer an equal chance at the artificial class 1 price the Federal Government, through the A. A. A. and a Boston area license plan, has figured carefully from records of production in the past a base rating for each farmer. This rating is founded on the total sales of class 1 milk in the Boston market. Every pound of milk the producer makes above his base rating, he must realize from the start, is being produced in direct competition with the western dairyman, who can produce milk cheaper than here, because that surplus milk must go into products which the western dairyman makes, and all such products can be stored and shipped anywhere.

The producer sometime feels that he is cheated by the Boston distributor who double-crosses him on the surplus or class 2 milk, but every investigation carried on by farmer representatives indicates that this is not true to any great extent. The large dealers are kept well under control by Federal and State boards with expert audits which begin at the country milk station and are carried to the very consumer. In fact, there appears to be no attempt on the part of any of the larger dealers to do this thing and what the small dealer may get away with is negligible. In fact, the Federal Government, in the Boston market, is employing numerous expert accountants from entirely outside concerns to do this type of work, and their figures are hardly open to doubt.

The greatest trouble appears to be cutthroat competition among Boston distributors for the Boston business, and lack of farmer cooperation in the country. Repeatedly those who have studied the problem state that if the milk producers of Vermont could and would get together solidly, there would be no milk problem left except that problem to which every business is open, viz. general conditions in the market. But so long as the producers themselves are split into factions so long will the Boston market have opportunity to play with them.

The A. A. A. Boston license has undoubtedly given the New England milk producer a much better milk check than he would have otherwise had, better than the New York producer gets; and the Massachusetts milk control board is making an honest, if weak, attempt to aid the producer who will not be aided except in sections and by factions. This reflects upon the whole of Vermont and is undoubtedly responsible for the growing dissatisfaction among Massachusetts dairymen and other Massachusetts interests with Vermont's milk position and attempted legislation there which would materially damage the entire milk-production business in Vermont. Temporary patching of trouble may avail for a time in the Boston milk market, but sooner or later the producers of Vermont must all get solidly together or the class 1 milk price will be wiped out by unnecessary and damaging Boston competition which warring and dissenting factions here encourage and unconsciously abet.

As Milo C. Reynolds, commenting editorially on Judge Brewster's decision holding the Boston milk-marketing agreement illegal, void, and unenforceable, pertinently pointed out in the Burlington Clipper of May 23:

There are principles in this decision which, if sustained by a higher court, would completely wipe out of existence all regimentation of production and enforced regulation of business and industry. In the face of this decision, which will seriously affect the Vermont farmer unless some other plan is evolved to take its place, there is more reason than ever for the Vermont dairymen to get together in a solidified organization. If it is illegal for the Federal Government to put in a regulation which fixes the price that the farmer shall be paid for his milk, then the farmer has got to take the situation in his own hands. This can only be done by organization and such organization has got to be thorough and complete.

To cry over this decision is not going to help matters. The producers' interest is in the future and not the past. The thing to determine now is the best procedure to protect the milk price in that Boston market. A good deal has been gained during the past year. There must be some way that measures can be adopted to hold that gain. It may be such a result can be brought about through a complete organization of the producers of Vermont. If that is the best method, then no time should be lost in bringing about such an organization. If milk leaders by any tactics attempt to discourage such an organization, they should be swept aside. The interest of the Vermont producer is paramount in

this State to that of any dealer or any distributor. And the interest of these producers is so far-reaching that it affects all the people of the State.

This legislation we are considering is admittedly to be enacted in the alleged interest of the farmer. There can be no question, as was said at Springfield, Ill., recently that—

The farmer of right is entitled to a fair proportionate part of the national income and to receive a parity price for the products of his farm in domestic markets.

It may be that the original act and these last amendments, insofar as they seek to control and regulate production and processing, are unconstitutional; that the price-fixing provisions and those imposing agreements upon minorities and upon majorities are a deprivation of property of private citizens without their consent and without compensation, and are therefore unconstitutional. And the original bill and these amendments may in other respects be held unconstitutional. To be perfectly frank with you, I do not see how it can be otherwise; nevertheless, as a temporary expedient, because of the exigency of the situation which confronts the farmers of my State, and since under the circumstances, political and otherwise, I see no other way, so long as the provisions of the original act are in force and operative, to obtain the desired temporary relief for them, I am forced to take whatever of temporary benefit and relief I can get in the manner and form prescribed by the terms of this act, as amended, whether I like it or not.

Mr. UTTERBACK. Mr. Speaker, I desire to discuss the bill now pending before the House, H. R. 8492, a bill to amend the Agricultural Adjustment Act, which has been recommended for our approval by the Committee on Agriculture after a long and exhaustive study.

It is appropriate that a Democratic administration should lay before this Congress a bill that is the most comprehensive and far-reaching piece of legislation for the benefit of farmers ever enacted in the history of this or any other country.

Twenty-three years ago this month, in June 1912, the Democratic Party in convention at Baltimore, Md., wrote in its platform a plank proposing a study of agricultural credits and endorsing legislation permitting national banks to loan a reasonable proportion of their funds on real-estate security. Woodrow Wilson was the nominee of that convention. His election to the Presidency in November 1912 was the birth of legislation for the real financial benefit of American farmers. Under the direction of President Wilson the first step was taken to set up a system of Federal farm credits to relieve American farmers of high interest rates and overhead charges in connection with farm loans.

#### PRESIDENT WILSON VETOES FORDNEY TARIFF

The World War interrupted President Wilson's agricultural program. In the last 2 years of his administration a Republican Congress dominated by high-tariff industrialists refused to follow the leadership of President Wilson and passed the Fordney Tariff Act of 1920. One of President Wilson's last official acts was to veto that bill. If his three Republican successors to the White House had followed his example, they would have done much to have prevented the decline of American agriculture in the 12 years that followed March 4, 1921, and that reached a climax in the economic collapse during the Hoover administration.

President Wilson was not deceived about the effect of tariffs on agriculture. His keen mind and his discerning eye surveyed the situation and read the answer clearly and accurately. He vetoed legislation to revive the War Finance Corporation to loan money to European countries. It was clear to him that buyers could not always be buyers or borrowers. He knew that borrowed money must be repaid or the lender must stop lending sooner or later. The war changed us from a debtor to a creditor nation, and every loan we made abroad increased the debt burden upon our former creditors who are now our debtors.

President Wilson realized that these debtors had no money. He knew that they could repay our loans in only one way; that was by selling us enough of our products to



pay the interest on their debts and something on the principal.

The foreign market for the products of 40,000,000 acres of American farm land that were brought into production during the World War ceased to exist after the war ended and the soldiers of Europe returned to their farms. The foreign market for the products of American factories theoretically ceased to exist at the same moment, but American manufacturers in cooperation with American international bankers supported the foreign market for the products of American factories upon a false and unsound foundation for 10 years by loaning \$15,000,000,000 of American money abroad.

The Republican Congress in the last 2 years of President Wilson's administration and three successive Republican administrations thereafter either could not or would not see and admit that self-evident fundamental common-sense business situation. More foreign loans and higher tariffs were the only answers they had to the problem. It was like building a 100-story building on sand. Sooner or later a building so constructed is certain to collapse.

#### MONEY DRAINED FROM FARM BANKS

New York bankers who made most of the foreign loans made them to support the sales of products of factories which they owned. However, it was not their money that they loaned. That money was drained from the banks in the agricultural areas of the country. At the same time, prices of agricultural products were declining almost steadily and as a result of this unsound post-war industrial boom, the disparity between the prices of agricultural products and industrial products increased year after year.

There were no foreign loans to support exports of agricultural products. New York bankers and Republican administrations left the American farmers to shift for themselves. During practically the entire period from 1921 to 1929 farm prices were below the cost of production and farmers were being crushed financially between the millstones of debt and insufficient incomes. Three successive Republican administrations did nothing to help them. At the same time the cash reserves of farmers and Midwest business men in banks of the agricultural area were being siphoned off to New York and thence to Europe.

Twice in this period Democrats in Congress joined Progressive Republicans and gathered sufficient votes to force a bill through Republican Congresses designed to enable the farmer to help himself. That bill was the McNary-Haugen bill. It proposed to finance the export of agricultural surpluses by the export debenture plan. The farmers of the United States asked for that plan. They were able to muster sufficient strength among Democrats and Progressive Republicans to push it through Congress twice, but each time it was vetoed by a Republican President and could not be passed over the vetoes.

A well that is pumped hard enough and long enough finally runs dry if the water supply is not replenished. Financial reserves that are siphoned away finally disappear if incomes do not equal the outgo. That is what happened to the United States during the period from 1921 to 1933. The well ran dry. Financial reserves disappeared.

The American farmer produces the new wealth upon which most of the Nation does business. For many years he supplied the money to support billions of dollars of foreign loans, so that our international bankers and their industrial plants might continue to fatten on rich foreign business. The farmer did not realize what was going on. He knew that the prices of his products were going down and that the prices of the things he bought were going up, but he did not understand the cause. Few persons outside of a select circle did. American agriculture was being strangled gradually. It was being strangled ruthlessly and heartlessly—and those who were doing it were gradually cutting away the principal support of American industry. They were destroying the jobs of millions of American workingmen.

Ultimate collapse was as certain as night follows day. American agriculture finally reached the exhaustion point.

Hundreds of banks in the agricultural areas closed under the strain of those trying years 1921 to 1929. Thousands of farm mortgages were foreclosed.

The agricultural depression began in 1921. The industrial depression began in 1929 when a weakened and exhausted agriculture could not carry the load any longer. Then industrial unemployment swept over the land. Then the American farmer and the American laboring man stumbled on hand in hand to the brink of economic chaos and social revolution as the whole house of cards built on the unsound economic practices of three Republican administrations crumbled in the greatest economic collapse in history, the panic of 1932-33.

I would like to review briefly the legislative record on the tariff and farm relief of the three Republican administrations from 1921 to 1933.

#### REPUBLICAN TARIFF LAWS MAKE FARM SITUATION WORSE

The Fordney Tariff Act of 1921 became a law when President Harding signed it on June 27, 1921. According to our Republican friends, this act was to have solved the agricultural problem. Speeches made in Congress in support of the bill indicated the Republican administration believed it would. A higher tariff was the Harding administration's proposed solution of the farm problem, but the entire country knows now that the Fordney tariff did not solve the problem. It made the condition of agriculture worse.

It was clearly apparent several months later that the farm problem remained unsolved. Then Secretary of Agriculture Henry C. Wallace, father of our distinguished Secretary of Agriculture, Henry A. Wallace, insisted that President Harding call a national agricultural conference to discuss the situation. With farm mortgage foreclosures increasing, as a wave of bank failures swept over the agricultural areas of the country and with land values and farm prices registering further declines, the conference met during the winter of 1922. For the first time in the history of our country, farmers were asked to assist in planning for agriculture. More than 300 farmers and 90 other persons representing various agricultural interests attended the conference. A total of 39 legislative recommendations were made to Congress and the President.

Among other things, the farmers asked Congress and the President to take steps immediately to reestablish a fair exchange value for all farm products. The Republican administration answered that request by enacting another tariff bill raising the rates established in 1921. The Tariff Act of 1923 merely increased the farmer's distress by increasing the prices of the things he bought on the protected and controlled industrial market while the prices of his products, sold at the world price because of uncontrolled surpluses, continued to decline.

The doctrine of the McNary-Haugen bill was in the air in 1923. In 1924 the first McNary-Haugen bill was introduced in Congress. It failed to pass by 40 votes and as if to halt the rising tide of agricultural strength, our rugged Republican individualists handed the farmer another meaningless sop in the shape of a 12-cent increase in the tariff on wheat. But although the tariff on wheat was fixed at 42 cents a bushel, and on corn at 25 cents a bushel, farm prices continued to decline, farm mortgage foreclosures continued to increase and the wave of bank failures continued unabated in the agricultural areas.

Again in 1925 the McNary-Haugen bill was before Congress but friends of the farmers were unable to gather sufficient strength to force a vote. In March 1925, President Coolidge addressed the annual convention of the American Farm Bureau Federation. He condemned the McNary-Haugen plan as price fixing, defended the tariff system as a boon to agriculture and asserted that agriculture was nearly back to normal. However, it took more than words of a Republican President to stop farm foreclosures and farm-bank failures. More than 5,000 small banks closed in this country between 1921 and 1929.

A new McNary-Haugen bill reappeared in 1926, but it was defeated in the Republican Congress. Finally, in that year,



business men of the country began to show some interest in the farmer's plight. The National Industrial Conference Board, representing business interests, took note of the agricultural situation and urged strongly the need for agricultural relief legislation. Farm groups became more insistent but the Republican administration did nothing.

#### PRESIDENT COOLIDGE VETOES McNARY-HAUGEN BILL

In 1927 the McNary-Haugen bill was ushered in again. This time, the bipartisan agricultural strength of Democrats and Progressive Republicans was sufficient to push it through Congress, but the bill encountered a veto at the hands of a Republican President, Calvin Coolidge.

The McNary-Haugen bill was passed again in 1928. Again it was vetoed by President Coolidge and from 1928 to 1932 the farmers of America sank deeper and deeper into the mire of depression. In 1930 after the collapse of industry and with unemployment spreading over the land, the Republicans raised the tariff again. Under the leadership of President Hoover, a Republican Congress passed the infamous Smoot-Hawley Tariff Act. In the next 12 months the annual gross income of the American farmer declined from \$9,414,000,000 to \$6,911,000,000, or more than 25 percent.

In an attempt to save themselves, the farmers raised every possible bushel of grain and pound of fiber and produced every possible pound of meat and animal products. Their efforts to meet fixed charges of taxes, interests, and living costs in this way, were defeated by still further decline of prices and still lower gross income. In 1920 the gross farm income of the American farmer was \$13,566,000,000. In 1932, after 12 years of uninterrupted Republican administration, the gross income of the American farmer was \$4,328,000,000, a decline of \$9,238,000,000, or approximately 70 percent in 12 years.

That was the answer of Republican administrations to American agriculture, which was pleading for assistance. That was the way three successive Republican Presidents solved the farm problem. They were starving the farmer out.

During the period of 1916 to 1920, when food prices were high, the farmer gained and held a slight economic advantage over industry. Farm prices advanced faster than the prices of the things the farmer buys. The farmer lost this advantage in 1921 and his disadvantage increased steadily from then until March 4, 1933, when Franklin D. Roosevelt became President of the United States.

During three successive Republican administrations, the American farmer engaged in a losing fight against the effects and results of a high protective tariff policy that finally caused over 50 foreign nations, not only in Europe but including Canada and the South American republics as well, to pass retaliatory tariff laws, fix import quotas, and establish embargoes which destroyed almost the last bit of foreign market for our agricultural and industrial products.

Canada raised a high tariff wall against all American products, both manufactured and agricultural. It put a tariff of 25 cents per bushel on corn and similar tariffs on other agricultural products, yet they cannot raise corn profitably in Canada for the reason that the season is too short. In the fall of 1932, when Iowa corn was selling for 7 cents to 12 cents a bushel, when it was being used as fuel to heat Iowa farm homes, Canada was paying 35 cents a bushel for inferior corn imported from South Africa and South America. Iowa corn should and would have been purchased for Canada's needs except for the retaliatory tariffs raised by Canada against the excessive and greedy tariff rates fixed in the Smoot-Hawley Act.

#### MANUFACTURERS OPEN PLANTS ABROAD

The big manufacturers had a way to meet the situation. They simply took some of the millions of dollars they had accumulated under the special privilege high tariff trust policy of Republican administrations, went to Canada and other foreign countries, built branch factories, installed new machinery, used foreign raw materials, employed foreign labor, and manufactured the identical products they had formerly manufactured in the United States, where they had

used American raw materials and American labor. In that way they were able to avoid the payments of tariff and to escape the limitations imposed by quotas and embargoes. The result of such an industrial policy was the discharge of thousands of American workers from factories and mines. This condition made it impossible for those formerly employed in industry to purchase the products of the farms and pay a fair price for them. As a result, the farmer lost a large part of his former domestic market in addition to losing all of his foreign market. In addition to all this, the farmer struggled against high transportation costs, high interest rates, and finally against insect pests and drought.

The agricultural record of the Republican Party has been written. It was written during the years 1921 to 1933 in indelible facts that the people of this country, particularly the American farmers, will not forget soon. It is a record of neglect and failure, deceit and double dealing. The harvest of that record was hundreds of thousands of farm foreclosures, collapse of farm values, thousands of bank failures, incalculable financial distress and suffering among millions of farm people, utter discouragement and despair in the agricultural areas of the country, and, in a large measure, the industrial and financial collapse of the country in 1929-32.

Yet in the face of all that, the Republican Party wrote in its platform in 1932 the following statement:

Under Republican administration the position of agriculture was gradually improved.

In accepting the nomination for a second term, President Hoover said:

The farmer was never so dependent upon his tariff protection for recovery as he is at the present time. We shall hold to that.

Franklin D. Roosevelt was inaugurated President of the United States on March 4, 1933. At that time farm products were selling at the lowest prices in 60 years. Many Iowa farmers were burning corn in their stoves. Some public buildings in Iowa were being heated with corn that officials had purchased at 10 cents or less a bushel.

For more than 6 months before President Roosevelt took office farmers of the United States were on the verge of open revolt against economic conditions that had been imposed upon them by Republican administrations. Farm strikes, farm holiday movements, and open resistance to foreclosure sales occurred throughout the country. These were not sporadic outbursts, they were common occurrences. These were organized efforts of farmers to keep their homes in the face of steadily increasing distress and hardship. The belief that President Roosevelt and the Democratic Congress, in cooperation with newly elected Democratic Governors and Democratic State legislatures, would do something to help them was the only hope of millions of farm people in those dark days when the powerful forces of depression were tightening around them.

#### DEMOCRATS DID NOT FAIL

President Roosevelt and his fellow Democrats did not fail the farmers. The President promised action and he kept his promise. He summoned farm leaders of the country to Washington for conferences with him and Secretary of Agriculture Henry A. Wallace. Three Republican Presidents from 1921 to 1933 denied the farmers what they asked. President Roosevelt said to the farmers: "Tell us what you want done and we will do it." The Agricultural Adjustment Act was written to conform with the ideas of farm leaders.

The Agricultural Adjustment Act became a law on May 12, 1933. In that act Congress declared that an economic emergency existed in part because of the breaking down of farm prices and resultant disparity between the prices of agricultural and other commodities. Congress declared its policy to reestablish prices to farmers at a level that would give agricultural commodities a purchasing power, with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the pre-war period of 1909-14.

This readjustment is not complete, but a comparison of prices in the winter of 1932 to 1933 and the present time shows how well the program has succeeded.



In December 1932 the farm price of wheat was 32 cents a bushel. Today it is 90 cents a bushel.

In December 1932 the farm price of corn was 19 cents a bushel. Corn actually sold as low as 12, 10, and even 7 cents a bushel. Today it is selling for 85 cents a bushel.

In December 1932 the farm price of cotton was 5 cents a pound. Today it is 12 cents a pound and prosperity is returning to the Southern cotton districts.

At the close of 1932 the farmer was receiving the lowest price in 54 years for his hogs. The Chicago hog market was \$2.73 per hundred pounds. Many farmers in Iowa, where more hogs are raised than in any other State, sold hogs for less than 2 cents a pound. Today the Iowa farmer is getting \$9 a hundred pounds for his hogs.

Prices of other farm products have advanced in comparison. In addition to all this, under the provisions of the Agricultural Adjustment Act hundreds of millions of dollars have been paid in benefits to agricultural adjustment contract signers. On March 31, 1935, collections of processing taxes and related funds totaled \$777,770,476.76. Payments to contract signers, administration costs, and refunds up to the same time totaled \$797,013,505.13.

Processing taxes are an integral and essential part of the agricultural adjustment program.

The theory of this tax as defined in the Agricultural Adjustment Act is based on the belief that farmers should receive parity prices for their products. The rate of processing tax is the difference between the current farm price and parity. Thus in the case of cotton parity was determined at approximately 16 cents a pound. The present farm price is slightly under 12 cents a pound. The processing tax of 4.2 cents a pound makes up the difference. The processing tax on wheat is 30 cents a bushel, and on hogs is \$2.25 per hundred pounds.

In their effort to feed the world during the war the farmers of America brought 40,000,000 acres of new land into production, and built up an agricultural industry that could not be effectively reduced by individual action. The processing tax is the means with which the farmers can unite co-operatively in more than 5,000 production-control associations in the country to control production effectively to the end that they may receive parity prices for their products.

#### BENEFITS PAID TO FARMERS

Benefits paid to Iowa farmers from processing taxes up to April 30, 1935, were as follows:

County	Total	Wheat	Corn-hog
Adair	\$809,943.03	\$3,182.91	\$806,760.12
Adams	555,532.63	1,345.78	554,186.85
Allamakee	384,812.80	1,359.72	383,453.08
Appanoose	263,486.81	1,462.12	262,024.69
Audubon	718,746.02	698.23	718,047.79
Benton	918,564.15	1,884.41	916,679.74
Black Hawk	751,253.20	461.88	750,791.32
Boone	666,845.94	1,388.88	665,457.06
Bremer	437,985.76	415.73	437,570.03
Buchanan	657,837.92	483.54	657,354.38
Buena Vista	848,725.19	130.97	848,594.22
Butler	676,611.99	64.75	676,547.24
Calhoun	749,855.75	964.62	748,891.13
Carroll	904,395.20	1,067.04	903,328.16
Cass	890,766.73	8,091.12	882,675.61
Cedar	837,106.89	2,024.30	835,082.59
Cerro Gordo	647,736.98	186.64	647,550.34
Cherokee	948,480.20	184.98	948,295.22
Chickasaw	456,845.74	11.76	456,834.08
Clarke	368,223.91	482.56	367,741.35
Clay	734,920.83	52.80	734,868.03
Clayton	822,586.66	1,071.70	821,514.96
Clinton	939,575.51	4,371.92	935,203.59
Crawford	1,168,927.14	7,195.87	1,161,731.27
Dallas	875,685.72	21,164.86	854,520.86
Davis	266,681.15	1,227.84	265,453.31
Decatur	411,243.75	2,626.61	408,617.14
Delaware	697,449.53		697,449.53
Des Moines	455,662.53	16,196.09	439,466.44
Dickinson	427,078.28	48.20	427,030.08
Dubuque	648,421.44	675.35	647,746.09
Emmet	471,761.79	1,380.37	470,381.42
Fayette	701,234.99		701,234.99
Floyd	485,769.73	1,108.77	484,660.96
Franklin	845,961.09	593.91	845,367.18
Fremont	780,423.50	38,274.79	742,148.71
Greene	739,060.99	426.63	738,634.36
Grundy	687,822.24	131.30	687,690.94
Guthrie	700,349.32	2,249.91	698,099.41
Hamilton	828,915.22	837.34	828,077.88
Hancock	725,788.46	149.34	725,639.12
Hardin	859,540.94	298.21	859,242.73

County	Total	Wheat	Corn-hog
Harrison	\$938,719.24	\$38,586.88	\$900,132.36
Henry	530,981.19	3,290.86	527,690.33
Howard	398,212.35	166.73	398,045.62
Humboldt	607,068.19	215.74	606,852.45
Ia	751,291.46	137.00	751,154.46
Iowa	882,621.02	5,540.95	877,080.07
Jackson	564,435.87	1,152.85	563,283.02
Jasper	1,182,570.48	12,133.31	1,170,437.17
Jefferson	429,670.91	1,922.06	427,748.85
Johnson	926,933.01	1,679.47	925,253.54
Jones	664,413.90	469.51	663,944.39
Keokuk	823,105.89	2,343.87	820,762.02
Kossuth	1,273,385.35	146.91	1,273,238.44
Lee	314,286.12	7,114.47	307,171.65
Linn	856,825.18	823.47	856,001.71
Louis	470,782.17	16,511.05	454,271.12
Lucas	328,507.98	863.30	327,644.68
Lyon	701,633.66	435.59	701,198.07
Madison	780,735.00	23,717.13	757,017.87
Mahaska	926,178.42	7,182.20	918,996.22
Marion	743,776.14	6,967.01	736,809.13
Marshall	815,459.62	2,240.80	813,218.82
Mills	664,596.70	26,053.06	638,543.64
Mitchell	460,411.28	522.88	459,888.40
Monona	1,080,335.51	180,552.62	899,782.89
Monroe	308,887.26	2,781.08	306,106.18
Montgomery	732,398.12	14,044.99	718,353.13
Muscatine	485,611.72	6,227.96	479,383.76
O'Brien	761,508.46	308.29	761,200.17
Osceola	485,291.37		485,291.37
Page	914,363.27	37,450.61	876,912.66
Palo Alto	728,947.26	371.44	728,575.82
Plymouth	1,060,829.69	5,708.03	1,055,121.66
Pocahontas	790,562.37	797.55	789,764.82
Polk	739,359.89	42,278.02	697,081.87
Pottawattamie	1,537,616.29	16,819.91	1,520,796.38
Poweshiek	952,467.89	743.97	951,723.92
Ringgold	484,442.86	2,071.99	482,370.87
Sac	919,896.46	330.63	919,565.83
Scott	696,512.79	22,171.26	674,341.53
Shelby	1,008,540.51	1,138.91	1,007,401.60
Sioux	1,034,110.83	927.14	1,033,183.69
Story	847,200.61	1,993.53	845,207.08
Tama	966,578.02	1,547.40	965,030.62
Taylor	527,235.70	5,567.53	521,668.17
Union	441,928.53	1,310.16	440,618.37
Van Buren	272,723.64	2,290.01	270,433.63
Wapello	414,943.94	15,559.72	399,384.22
Warren	784,742.30	30,891.41	753,850.89
Washington	872,905.21	1,466.33	871,438.88
Wayne	407,253.01	858.18	406,394.83
Webster	761,879.02	958.43	760,920.59
Winnebago	434,598.45		434,598.45
Winneshiek	678,141.40	842.04	677,299.36
Woodbury	1,203,858.04	45,683.53	1,158,174.51
Worth	415,533.00	53.62	415,479.38
Wright	843,053.94	199.96	842,853.98
Total	70,376,519.14	730,143.80	69,646,375.34

It will be seen from the above table that agricultural adjustment contract signers in Iowa were paid \$70,376,519.14 in processing-tax land rental and crop adjustment benefits up to April 30, 1935. In Iowa and throughout the country every farmer has received two more dollars in price increases for every dollar that has been paid in processing-tax benefits. In other words, the processing tax has been multiplied by three in actual benefits to agriculture. All farmers, whether they have signed crop-adjustment contracts or not, have shared in the price increases that have been brought about by the agricultural adjustment program.

In 1932 the gross farm income of the United States was \$4,328,000,000.

In 1933, the first year of the agricultural adjustment program, the gross income of American farmers was \$5,051,000,000, an increase of 17 percent over 1932.

In 1934, the second year of the agricultural-adjustment program, the gross income of American farmers was \$6,100,000,000, an increase of 41 percent over 1932.

In 1935 the gross income of American farmers will be still higher. It is still below what it should be, but it is increasing and will continue to increase until the parity price is reached if the agricultural adjustment program of President Roosevelt's administration is continued.

#### FARM AND LABOR INCOME EQUAL

Only those who are unsympathetic to the welfare of the farmer and the country as a whole can logically oppose this program. It has brought order out of chaos. It has enabled millions of farmers to retain their homes and to gradually regain financial independence. The increased buying power of agriculture is already reflected in higher factory pay rolls, increased industrial production, larger sales, and an



improvement in general business conditions. Over a long period of years, from 1920 to 1935, farm income and labor income have been practically equal in this country. They rise and fall together. When farm income is high, labor income is high. When farm income is low, labor income is low. It is to the interest of workers in the cities that farm incomes increase because their income will increase also.

Action to increase the income of farmers was quick and effective, once the Agricultural Adjustment Act was enacted. Under authority granted in the act, the Secretary of Agriculture approved an emergency hog-marketing program and a corn loan program. Under the hog-marketing program the Government purchased 7,000,000 pigs that would have flooded the market later as mature fat hogs. Edible meat that could be salvaged was used for unemployment relief. Farmers benefited by an increase in the price of marketable hogs. Corn that would have been fed at a loss to growing pigs was saved on the farms.

The corn loan program made it unnecessary for farmers to sell their corn in order to get money. There was an abundant supply of corn in most of the Corn Belt during the winter of 1933-34. In connection with the effort the Agricultural Adjustment Administration was making to advance the price of corn it was desirable to keep surplus corn off the market not only to prevent the market price from being depressed but also to keep the grain out of the hands of speculators and on the farms so that farmers might ultimately receive the full increase in price that was to result from the Agricultural Adjustment program.

With corn selling at approximately 35 cents a bushel in November 1933, the Secretary of Agriculture announced a corn loan plan. Corn was sealed on farms and 45 cents a bushel was loaned to the owners.

The amount of corn loans by States was as follows:

Colorado	\$70,000
Illinois	31,100,000
Indiana	1,200,000
Iowa	57,150,000
Kansas	1,000,000
Minnesota	5,500,000
Missouri	1,000,000
Nebraska	22,000,000
Ohio	280,000
South Dakota	1,700,000
Total	121,000,000

The corn loan program kept millions of bushels of corn off a depressed market. Farmers who needed money to pay their taxes, interest, and living expenses were loaned 10 cents more a bushel than the market price. Today all those loans have been paid. Not a dime has been lost by the Government. This is in sharp contrast to loans that have been made by the Government for some other purposes since 1929, notably to certain banks and railroad companies. Millions of bushels of corn that were sealed on farms has been sold by farmers at more than 75 cents a bushel. The farmers have paid their loans and have had 30 cents a bushel in addition.

Approximately \$121,000,000 was loaned by the Government on 267,000,000 bushels of corn during the winter of 1933-34. A large percent of these loans were made to Iowa farmers. At the time the loan was announced the farm price of corn in Iowa was 35 cents a bushel. At the announced expiration of the loan—July 15, 1934—the price of corn had reached 51 cents a bushel. Millions of bushels were released upon payment of the loans. Millions of bushels were resealed for new loans. The corn loan program for 1934-35 authorized loans of 55 cents a bushel. Corn thus sealed was in the hands of thousands of farmers in the drought area last summer and winter. Their crops burned in the fields, but in many cases they had corn on which the Government had loaned them 45 or 55 cents a bushel. Thus they had feed for their livestock at a reasonable cost, when otherwise they would have had to pay grain speculators upward of \$1 a bushel. If the corn was not used for feed, farmers had the opportunity to sell their corn for 70 cents or more a bushel. The profit on sealed corn above the amount the Government loaned to Iowa farmers was actually more than the farmers received for their full crop in 1932.

## AMOUNT OF CORN LOANS IN IOWA

The amount of corn loans made in the various counties of Iowa and the number of borrowers in each county were as follows:

County	Amount	Number of borrowers
Adair	\$525,000	930
Adams	233,000	620
Allamakee	17,000	75
Appanoose	4,500	17
Audubon	430,000	800
Benton	1,030,000	1,480
Black Hawk	315,000	600
Boone	1,200,000	1,920
Bremer	80,000	250
Buchanan	288,000	870
Buena Vista	1,000,000	1,880
Butler	354,000	1,000
Calhoun	1,700,000	2,990
Carroll	1,018,000	2,045
Cass	435,000	870
Cedar	577,000	620
Cerro Gordo	490,000	1,010
Cherokee	675,000	1,160
Chickasaw	122,000	475
Clarke	30,000	70
Clay	780,000	1,450
Clayton	37,000	113
Clinton	590,000	970
Crawford	335,000	475
Dallas	1,335,000	2,043
Davis	79,000	237
Decatur	42,000	129
Delaware	167,000	442
Des Moines	133,000	224
Dickinson	447,000	795
Dubuque	65,000	200
Emmet	718,000	1,078
Fayette	90,000	286
Floyd	353,000	887
Franklin	708,000	1,370
Fremont	1,365,000	1,377
Greene	1,897,000	2,964
Grundy	716,000	1,680
Guthrie	623,000	1,090
Hamilton	1,400,000	2,090
Hancock	939,000	1,450
Hardin	703,000	1,090
Harrison	876,000	1,270
Henry	316,000	455
Howard	104,000	459
Humboldt	905,000	1,450
Ida	920,000	821
Iowa	275,000	486
Jackson	77,000	169
Jasper	586,000	750
Jefferson	97,000	248
Johnson	305,000	476
Jones	162,000	337
Keokuk	196,000	511
Kossuth	1,676,000	3,403
Lee	46,000	95
Linn	405,000	843
Louisa	161,000	238
Lucas	29,000	63
Lyon	702,000	1,422
Madison	336,000	732
Mahaska	139,000	225
Marion	95,000	135
Marshall	700,000	884
Mills	969,000	1,580
Mitchell	339,000	1,045
Monona	853,000	1,220
Monroe	6,000	26
Montgomery	682,000	941
Muscatine	241,000	388
O'Brien	823,000	1,190
Osceola	443,000	744
Page	652,000	978
Palo Alto	799,000	1,764
Plymouth	729,000	1,210
Pocahontas	2,802,000	2,070
Polk	910,000	1,282
Pottawattamie	1,341,000	2,622
Poweshiek	415,000	654
Ringgold	129,000	465
Sac	1,153,000	1,410
Scott	267,000	595
Shelby	613,000	1,144
Sioux	605,000	1,138
Story	1,837,000	1,680
Tama	856,000	1,254
Taylor	95,000	193
Union	183,000	363
Van Buren	21,000	61
Wapello	147,000	125
Warren	197,000	356
Washington	269,000	630
Wayne	7,500	30
Webster	1,980,000	2,809
Winnebago	386,000	1,189
Winneshiek	30,000	114
Woodbury	1,400,000	2,024
Worth	262,000	809
Wright	1,245,000	1,797
Total	56,858,000	93,440



The following table shows the gain realized by farmers of the various States on sealed corn as a result of the increase in price between December 15, 1933, and July 15, 1934:

State	Farm price Dec. 15, 1933 (per bushel)	Farm price July 15, 1934 (per bushel)	Difference between Dec. 15, 1933, and July 15, 1934	Approximate bushels sealed	Difference in value, Dec. 15, 1933 to July 15, 1934
Ohio.....	\$0.39	\$0.56	\$0.17	155,555	\$26,444.35
Indiana.....	.37	.55	.18	2,666,666	499,999.88
Illinois.....	.39	.54	.15	69,111,111	10,366,665.00
Iowa.....	.35	.51	.16	127,000,000	20,320,000.00
Kansas.....	.37	.56	.19	2,222,222	422,222.00
Minnesota.....	.34	.49	.15	12,222,222	1,833,330.00
Missouri.....	.40	.60	.20	2,222,222	444,444.00
Nebraska.....	.33	.50	.17	46,888,888	8,311,111.00
South Dakota.....	.37	.52	.15	3,777,777	566,666.00
Total.....					42,790,882.23

Those figures do not show the total gain to farmers from the corn-sealing program. Many farmers did not seal all their corn. Some farmers sealed none; but all farmers benefited by the price increase that followed, not only in the price of corn but of livestock and other farm products. The corn-loan program has been justly acclaimed a great success. It never could have been or would have been adopted except for the agricultural adjustment program. Crop loans of such magnitude are only possible in connection with an effective program of crop control.

Briefly that is the record of the agricultural program of the Roosevelt administration from March 4, 1933, to now, with particular reference to benefits that have accrued to corn-hog farmers of the Central West. My colleagues from the cotton, wheat, and tobacco districts have detailed more completely the benefits that have accrued to the farmers of their districts.

#### A. A. A. IS POPULAR WITH FARMERS

The agricultural-adjustment program has been popular with the farmers. It has been a democratic program from the start. The farmers told President Roosevelt and Congress what they wanted. It was given to them. Then farmers elected their own representatives in 5,000 crop-control associations in the country to direct the program. During the last 8 months almost 3,000,000 farmers have voted in four referendums to continue the adjustment program. More than 86 percent of the votes were in favor of the program.

In administering any great comprehensive and far-reaching piece of legislation experience frequently proves that certain changes would be beneficial. Administration and enforcement of legislation disclose imperfections. This is perfectly natural.

It was not to be expected that the Agricultural Adjustment Act would work out perfectly as first enacted. In the 2 years since May 12, 1933, some imperfections have been discovered. It has been determined that some changes and some additions are desirable. These will make the act more effective and more beneficial for the farmers of the United States. At the same time they will not affect unjustly any person or group of persons in the country.

The amendments to the Agricultural Adjustment Act that are proposed in the bill now before the House of Representatives will make the act more flexible. They will permit the use of different plans for different commodities, thus enabling the plan to be fitted to a particular commodity.

The amendments have two principal purposes. The first is to continue and make the agricultural adjustment program more effective. The second is to make certain that the program of agricultural adjustment will be carried on within the powers given Congress under the Constitution as interpreted by the Supreme Court in the Schechter case.

The bill provides for "the ever normal granary plan." The Government is authorized to purchase agricultural commodities which have been pledged as security for Government loans and to use these commodities as payments in kind to producers who cooperate in the crop adjustment program. Adequate reserves of food and other agricultural

products can be maintained in this manner. These reserves will be effective insurance against unfavorable crop conditions and will tend to prevent such great fluctuations in prices as have occurred in the past.

The bill sets up a plan for effective marketing agreements and Executive orders to accomplish the object of the parity price for certain nonbasic agricultural commodities. It continues the production-adjustment program for basic agricultural commodities.

The parity price is redefined in the bill, so as to include current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate. At the present time, taxes per acre and mortgage interest per acre are probably about 160 to 170 percent of the pre-war level. This method of figuring the parity price may be expected to give parity standards approximately 5 percent higher than under the Agricultural Adjustment Act of 1933.

#### TARIFF RECEIPTS TO AID FARMERS

The bill authorizes restrictions on imports from abroad which might threaten the success of the agricultural-adjustment program. An important addition to the present Agricultural Adjustment Act authorizes an annual appropriation of 30 percent of the gross customs or import duty receipts of the Government for the use of the Agricultural Adjustment Administration. Since the farm population of the United States is roughly 30 percent of the total population, this provision will make available for the benefit of the farmer a sum equivalent to his fair share of tariff receipts. On the basis of tariff receipts during the last 3 years, it is expected that approximately \$100,000,000 annually will be available for the benefit of farmers.

This fund can be used to encourage the exportation of major agricultural commodities and products, to remove agricultural commodities and products from the normal channels of trade, to acquire submarginal farming and grazing lands and retire them from agricultural production, and to finance acreage and production adjustment benefit payments of agricultural commodities. The bill is comprehensive and far-reaching. It will provide funds for expanding the domestic markets for the fullest utilization of our agricultural resources and for recapturing foreign markets wherever possible.

These Agricultural Adjustment Act amendments carry the new deal's farm-crop controls much farther than did the emergency act of 1933. They are necessary if we propose to deal with the great basic industry of agriculture with a long-range view and embrace all of our six and a half million farmers.

The Agricultural Adjustment Act has served as a brake on agricultural overproduction. Last year it retired 36,000,000 acres from production of crops, of which large surpluses had been accumulated. Farm income has increased \$1,772,000,000. A permanent policy must be able to cope with all possible crop conditions—normal, bumper, and unfavorable. These amendments will forestall danger of crop shortages by permitting the Secretary of Agriculture to use rental and benefit payments to increase as well as to reduce crops. The ever normal granary plan will permit the Government to acquire nonperishable grains and fibers, such as corn and cotton, and seal them in granaries on farms or in warehouses as protection against drought or other crop disasters. Under this plan the Government can maintain reserves without being forced to dump them as it did wheat under the old Farm Board scheme.

These amendments will safeguard the Agricultural Adjustment Act of 1933. They will extend its usefulness and provide programs flexible enough to continue and maintain the rehabilitation of American agriculture. The bill was ready for action by the House of Representatives 2 weeks ago, but was sent back to the Agricultural Committee for further study after the Supreme Court handed down its decision on N. R. A. codes. It is the opinion of attorneys for the Government that the provisions of the bill now conform to requirements laid down by the Supreme Court in the Schechter poultry case.



## ADMINISTERED BY TWO IOWANS

The Agricultural Adjustment Act has been administered, and these amendments proposed in this bill will be administered, by two Iowa men of great ability, the distinguished Secretary of Agriculture, Henry A. Wallace, and the Administrator of the Agricultural Adjustment Act, Chester C. Davis. Secretary Wallace and Mr. Davis are native Iowans. The distinguished Secretary is a graduate of Iowa State College, which is located in my congressional district. It is one of the great if not the greatest agricultural college in the world. Mr. Davis is a graduate of Grinnell College, a great institution located only a few miles from my congressional district. Both of these men knew farming and farm problems as young boys. They have given their lives to the service of agriculture.

Before coming to Washington, Secretary Wallace was editor of a great farm journal that has been published by three generations of the Wallace family. For many years he has been known as a scholarly student of agriculture, economics, and other scientific problems. He owns and operates a grain and dairy farm, located near Des Moines. He knows the farm problem from personal contact with farmers and from personal experience. The interest of the common man is close to his heart, because he is a common man himself.

Many of the provisions of the Agricultural Adjustment Act were written as the fruit of ideas that were born in the brain of Henry A. Wallace and that he had given publicity to in the editorial columns of his farm journal. Henry A. Wallace conferred with Franklin D. Roosevelt on agricultural matters during the campaign of 1932. Henry A. Wallace was summoned to Warm Springs, Ga., after the election, to discuss proposed agricultural legislation with the President-elect. Henry A. Wallace has the confidence of farm people. When he was named Secretary of Agriculture, the farmers of America knew that their hopes were to be realized if within the possibility of human endeavor. If there is one man more than any other who should be given the credit for the inception, the development, the administration, and the success of the agricultural adjustment program, it is the distinguished Secretary of Agriculture, Henry A. Wallace.

Chester C. Davis has toiled at the Secretary's side. While the Secretary has been busy with the multitude of official duties of his office, Chester C. Davis has given undivided attention to the agricultural adjustment program. His sympathetic understanding of the farm problems and his great administrative ability have made the Agricultural Adjustment Act a virile, living thing, that has meant financial salvation for millions of American farmers and given them new hope for the future.

Mr. Speaker, this session of Congress has had before it many bills of importance to the people of the entire Nation, but no bill that has been before this Congress up to the present hour is of greater importance, not only to the people of the agricultural districts of this country but to the people of the entire Nation, than the pending bill amending the Agricultural Adjustment Act.

This bill is important because our agricultural interests want and need the extension of the benefits of the Agricultural Adjustment program. This bill is important to those representing industrial districts for the simple reason that industry in this Nation cannot recover, cannot prosper unless the agricultural interests of this country likewise recover and prosper.

Two years and a half ago, I saw corn shoveled into the furnaces and stoves of homes and public buildings in the State of Iowa—corn that had been offered for sale or had been sold at 10 cents or less a bushel. Farmers who received such prices for the things they raise and produce cannot purchase the things that are produced by industry and labor. It seems to me self-evident, therefore, that if we are to have industrial recovery we must have agricultural recovery. On the other hand, if we are to have agricultural recovery in this country, we must have industrial recovery. The farmer cannot sell the things he produces for a fair and reasonable price unless labor is employed at reasonable wages and unless business is receiving a fair and just income

upon the amount of money honestly and prudently invested in that business.

So, Mr. Speaker, I hope no Member from any agricultural district and no Member from any industrial district will vote against this bill. It is my opinion that this legislation is not only in the interest of the farmer but in the interest of commerce, in the interest of labor, and in the interest of the entire Nation.

Mr. SABATH. Mr. Speaker, that this is legislation in the immediate interest and for the benefit of the farmers of the country in general nobody can deny.

None the less, I am further convinced that the legislation is designed to favorably affect our entire population.

The repeated assertion that the enactment of this proposed legislation would increase the cost of living may be justified to a small extent; but I have always believed, as now, that if we increase the purchasing power of the farmers it will help all, and this has been proved by the increased demand of farmers for manufactured articles, which in turn benefits the workers.

Agriculture is the oldest occupation of man. Agriculture is the pillar of our permanent prosperity. Unless the farmer receives a fair return for his products, our whole social structure is irremediably out of joint. Give agriculture a fair return for its products, and its increased purchasing power will cause the wheels of industry to hum like music to the ears of workers in industry and industrialists, and no complaint will be heard from any constructive source about a small increase in the cost of living.

We must use in some quantity all the products of agriculture, while agriculturists without money can fairly well, though not comfortably, exist without many products of industry; therefore, it plainly follows that our first desideratum should be, in evolving a scheme to benefit all, to help the farmer. The pending legislation will undoubtedly help agriculture.

Mr. Speaker, I recognize that the pending bill contains provisions that I wish could be avoided; but, after all, we must face the iron fact that all legislation is to a degree a compromise between clashing aspirations and conflicting attitudes. We cannot please all who would like to go further than this bill goes or who would eliminate some of its provisions.

Naturally, there are some Republicans and even some Democrats who are opposed to this proposed measure, but, everything considered, I am confident that most Members of broad and penetrating experience and enlightened vision will ultimately conclude that the pending bill is fair and deserves the support and active encouragement of all well-meaning Members.

When some of our Republican friends who are obstructively opposing this legislation reach home and feel the throbbing pulse of their constituencies they will want to claim credit for aiding in the adoption of this wholesome legislation.

Of those who for partisan advantage criticize almost every effort of the present Democratic majority, I need say little. They identify themselves readily. Their carpings will not avail, regardless of the number of "grass roots" conferences they may hold and the amount of misinformation they may try to feed their constituencies. The enlightened, the thinking people of this Nation will remember the years 1930, 1931, and 1932, and with gratitude the improvement in our national life effected since the election of President Roosevelt and the Democratic Congress.

Mr. Speaker, as a Member from the great State of Illinois, in whose capital the so-called "grass roots" parley was held, I have taken careful notice of the 18 points or grievances that parley set forth. This is a forerunner of what they feel will aid them in their campaign, from now up to the date of election in 1936 in their attempt to regain control that was, happily for our common country, wrested from unfaithful, incompetent, short-sighted hands.

I believe it would have been of real interest to the American people if the leaders of the "grass roots" parley should have familiarized the Nation with their real motive, whom



they actually represented, and where the money to defray the expenses of that conference came from.

That gathering must at once appear as a most ridiculous attempt by "has-beens" and repudiated leaders to regain the saddle. It is interesting, yes, amusing, and farcical. We all recognize that the leaders of the Republican Party will shortly be charged with having pulled a great boner. It will open the eyes of the American people to the desperate chance the "grass rooters" are taking in an effort to block, in the first place, the pending wholesome legislation, and, next, to effect their desire to continue to serve the special interests, as in the past.

Unfortunately for them, when they selected Springfield, the capital of our State, the home of Abraham Lincoln, they committed the most colossal blunder in the selection of a vantage ground from which to assail President Roosevelt in connection with his interview in regard to the decision of the Supreme Court in the National Industrial Recovery Act case. Had they possessed a modicum of intelligence, or recalled simple history, Springfield, the home of Lincoln, would have been the last place for them to meet, because this great man in no uncertain terms in the Dred Scott case made clear that the American people had rights of which even the Supreme Court could not deprive them. I remember that a majority of these gentlemen are the same men who assailed all of those advocating the repeal of the eighteenth amendment as nullifiers, but notwithstanding these ridiculous charges the country by an overwhelming majority did vote to repeal the Prohibition Act. And notwithstanding it had been held constitutional by the Supreme Court and notwithstanding it took away police powers from the respective States. The founding fathers, who gave Congress the legislative power, the President the executive power, and the Supreme Court the judicial power, never intended to vest all of these powers in one arm of government—the judiciary. True, today we have many so-called "judge-made" laws forced upon us by legal technicians and the beneficiaries of special interests never contemplated by the framers of the Constitution.

In view of the contemptible manner in which the "grass rooters" have assailed President Roosevelt and his worthy and successful efforts for the Nation, I feel that the Congress should know the leaders of the "grass roots" movement, especially some of those who are responsible for the ridiculous, unfair, and unwarranted charges against President Roosevelt and the Democratic Congress, and who would admit, if they were honest, that only the strenuous and courageous efforts of the Congress and legislation of his initiation saved us, as many believe, from revolutionary troubles.

I have many times portrayed conditions that existed in 1930, 1931, and 1932, when 80 percent of our plants, factories, banks, and other businesses closed and 16,000,000 willing workers were unemployed; when it became necessary for the Federal Government to advance money to municipalities and States to feed the hungry—yes, starving—unemployed, as contrasted with conditions of today. Therefore I need not restate those unhappy conditions. All those conditions were known to these leaders of the "grass roots" conference, and especially to the keynoter, that feeble old man, ex-Governor Lowden, who permitted himself to be used by such other ex-Republican officeholders as ex-Senator Deneen; ex-Senator Glenn; ex-chairman of the Illinois Commerce Commission, Frank L. Smith; Mr. Doyle; Mr. Brooks; and many others who are today drawing—thanks to Republican Federal judges—large, unwarranted salaries as useless receivers and attorneys for receivers that they themselves helped to create.

In a futile effort to cause thinking and injured persons to forget that misrule, inefficiency, unconscionably sharp business practices, and machinations that effected the greatest catastrophe in the history of this or any other country, they hide behind the Constitution and the doctrine of State rights. Unfortunately they have the same regard for the Constitution and State rights as they have had for the general welfare of our citizenry, which regard is nil. They

fatuously hope that they may by this hue and cry "stand by the Constitution" and "respect State rights", again deceive the voters. I am convinced, though, that the vast majority of the American people will not be misled by them.

The "grass rooters" have in stentorian tones quoted the Founding Fathers and that great Southerner, Calhoun, in connection with the Constitution and State rights.

Let me for a moment, please, hark back to the pronouncements of some of the Founding Fathers. And I shall rely chiefly upon Washington, the founder of the Republic, Jefferson, the fountain of its idealism, and Lincoln, the exemplar of its magnanimity and the preserver of its internal unity.

Both Washington and Jefferson anticipated "periodic repairs." It was the wise and immortal Washington, standing, as always, foursquare to all the winds that blow, who said that—

The warmest friends and the best supporters the Constitution has do not contend that it is free from imperfections; but they found them unavoidable and are sensible; if evil is likely to arise therefrom, the remedy must come hereafter.

Again, it was Jefferson, that stalwart opponent of a centralized government, who said, in a letter dated July 12, 1816, to Samuel Kercheval, on the Constitution:

Some men look at constitutions with sanctimonious reverence, and deem them like the Ark of the Covenant, too sacred to be touched. They ascribe to the men of the preceding age a wisdom more than human, and suppose what they did to be beyond amendment. I knew that age well; I belonged to it, and labored with it. It deserved well of its country. It was very like the present, but without the experience of the present; and 40 years of experience in government is worth a century of book-reading and this they would say themselves, were they to rise from the dead. I am certainly not an advocate for frequent and untried changes in laws and constitutions. I think moderate imperfections had better be borne with; because, when once known, we accommodate ourselves to them, and find practical means of correcting their ill effects. But I know also, that laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths disclosed, and manners and opinions change with the change of circumstances, institutions must advance also, and keep pace with the times. We might as well require a man to wear still the coat which fitted him when a boy as civilized society to remain ever under the regimen of their \* \* \* ancestors. \* \* \* Each generation is as independent as the one preceding, as that was of all which had gone before. It has then, like them, a right to choose for itself the form of government it believes most promotive of its own happiness; consequently, to accommodate to the circumstances in which it finds itself, that received from its predecessors; and it is for the peace and good of mankind that a solemn opportunity of doing this \* \* \* should be provided by the Constitution; so that it may be handed on, with periodical repairs, from generation to generation, to the end of time, if anything human can so long endure. \* \* \* This corporeal globe, and everything upon it, belong to its present corporeal inhabitants, during their generation. They alone have a right to direct what is the concern of themselves alone, and to declare the law of that direction. \* \* \* If this avenue be shut to the call of sufferance, it will make itself heard through that of force, and we shall go on, as other nations are going, in the endless circle of oppression, rebellion, reformation; and oppression, rebellion, reformation, again; and so on forever.

In conclusion let me briefly quote an extract from the immortal President and founder of the Republican Party, Lincoln, in his debate with Douglas concerning the Dred Scott decision. He said:

We believe as much as Judge Douglas (perhaps more) in obedience to and respect for the judicial department of Government. We think its decision on constitutional questions, when fully settled, should control not only the particular cases decided but the general policy of the country, subject to be disturbed only by amendments of the Constitution as provided in that instrument itself. More than this would be revolution. But we think the Dred Scott decision is erroneous. We know the Court that made it has often overruled its own decisions, and we shall do what we can to have it overrule this.

To strengthen his position Lincoln quoted President Jackson in connection with Jackson's veto of an act of Congress, as follows:

If the opinion of the Supreme Court covered the whole ground of this act it ought not to control the coordinate authorities of this Government. The Congress, the Executive, and the Court must, each for itself, be guided by its own opinion of the Constitution. Each public officer who takes an oath to support the Constitution swears that he will support it as he understands it and not as it is understood by others.



I am sure that if Lincoln were alive he would resent and condemn the action of the "grass roots" leaders and wholeheartedly approve the humane policies and practices of President Franklin D. Roosevelt. Against the words of the four great and good Americans, Washington, Jefferson, Jackson, and Lincoln, I have quoted, we have the ex-Republican officeholders trying to create damaging prejudice against President Roosevelt. Whom shall we believe, the "grass rooters" and has-beens, who desire at any cost to regain with all fours the trough of Hoover, or the words of men who will stand for countless centuries as exponents of real and constructive wisdom?"

#### NATIONAL LABOR RELATIONS BOARD

Mr. O'CONNOR, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

#### House Resolution 263

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1958, a bill to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

Mr. SNELL. Is it the intention to bring up that bill tomorrow?

Mr. O'CONNOR. I understand it is the plan to bring up the Wagner-Connery labor-disputes bill tomorrow.

#### PARTICIPATION OF THE UNITED STATES IN TEXAS CENTENNIAL EXPOSITION

Mr. O'CONNOR, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

#### House Resolution 264

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution No. 131, a joint resolution providing for the participation of the United States in the Texas Centennial Exposition and Celebrations to be held in the State of Texas during the years 1935 and 1936, etc. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the joint resolution for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, the rule just presented is in place of a rule presented the other day in which there were some errors. I ask unanimous consent that a similar resolution, House Resolution 257, may be laid on the table.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### NATIONAL MEMORIAL MILITARY PARK IN VICINITY OF KENNESAW MOUNTAIN

Mr. HILL of Alabama. Mr. Speaker, I call up the conference report upon the bill (H. R. 59) to create a national memorial military park at and in the vicinity of Kennesaw Mountain, in the State of Georgia, and for other purposes.

The Clerk read the conference report.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 59) to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes, having met, after full and free conference, have

agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

JOHN J. MCSWAIN,  
LISTER HILL,  
HARRY C. RANSLEY,

*Managers on the part of the House.*

MORRIS SHEPPARD,  
DUNCAN U. FLETCHER,  
ROBERT D. CAREY,

*Managers on the part of the Senate.*

#### STATEMENT

The managers on the part of the House, having met in full and free conference with like managers on the part of the Senate constituting the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to H. R. 59, beg leave to submit the following statement:

The Senate amendment consisted of striking out certain language authorizing the Secretary of the Interior to purchase additional lands in order to round out and complete the area of the Kennesaw Mountain Battlefield Park, if said lands could be purchased at reasonable prices, and if the prices demanded be unreasonable in the opinion of the Secretary of the Interior, then that the Secretary of the Interior be authorized to exercise the right of eminent domain and to condemn such parcel or parcels of land as he deem necessary in order to complete and round out the area of said battlefield park. As a result of the conference, the Senate agreed to recede from its said amendment, and the language of the bill will remain as it was when the bill passed the House.

JOHN J. MCSWAIN,  
LISTER HILL,  
HARRY C. RANSLEY,

*Managers on the part of the House.*

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

#### COLUMBIA INSTITUTION FOR THE DEAF

Mr. PALMISANO. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1180) to amend section 4865 of the Revised Statutes, as amended.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the number of beneficiaries from the several States and Territories authorized by section 4865 of the Revised Statutes, as amended, for admission to the collegiate department of the Columbia Institution for the Deaf, be, and it hereby is, increased from 125 to 145.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### DURHAM COUNTY, N. C.

Mr. UMSTEAD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 7374) to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understand from the gentleman from North Carolina, this is a matter of local convenience and is entirely satisfactory to the people in that part of the State?

Mr. UMSTEAD. The gentleman is correct.

Mr. MOTT. May I ask the gentleman on what subject this bill bears?

Mr. UMSTEAD. It is for the purpose of transferring a county from one judicial district to the other. There are three Federal judicial districts in the State of North Carolina. This bill transfers the county of Durham, which is my home country, from the eastern district to the middle district and is by the unanimous consent of the bar of that county.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That section 98 of the Judicial Code, as amended (U. S. C., Supp. VII, title 28, sec. 179), is amended (1) by striking out "Durham", in the second paragraph thereof,



and (2) by inserting "Durham", immediately after the comma following the word "Davie" in the fourth paragraph of such section.

SEC. 2. The act entitled "An act to provide for the times and places for holding court for the eastern district of North Carolina", approved May 10, 1928, as amended (U. S. C., Supp. VII, title 28, sec. 179a), is amended (1) by striking out "at Durham on the first Mondays in March and September"; and (2) by amending the second proviso to read as follows: "And provided further, That at Wilson it shall be made incumbent upon that place to provide suitable facilities for holding the court."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### A SHAMELESS DESECRATION

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Speaker, I wish to call the attention of the House to something that concerns every American, especially in these days of stress and difficulty. I refer to the causes that are contributing to the break-down of the morale of the American people.

One of them is the shameless abuse of the radio broadcasting. When the eighteenth amendment was repealed we were assured that the bar was gone and that the liquor interests had learned their lesson. Despite these promises the bar is back and thousands of people are being killed on the highways through the operation of cars by drunken drivers. In addition to that there comes over the radio nightly a glorification of booze. This goes into the homes of our people, where children and youths are indoctrinated with the fictitious merits of "John Barleycorn." I have introduced a bill today which will prohibit the sending of this destructive antisocial advertising into the homes of America. I invite the sympathetic support of the Members of the House.

At this time I particularly wish to call the attention of the House to the fact that this group of advertisers, who are trying to make the youth of America "alcohol conscious", have no respect for American tradition, however sacred. A national broadcast on last Tuesday night used Lincoln's Gettysburg Address as a medium for this nefarious practice.

I have filed a protest with our former colleague the Chairman of the Communications Commission, Hon. Anning S. Prall, and am appending it and his answer hereto.

JUNE 6, 1935.

HON. ANNING S. PRALL,  
Chairman Federal Communications Commission,  
Washington, D. C.

MY DEAR COMMISSIONER: On Tuesday night of this week I had the misfortune to be listening in on a Nation-wide broadcast which came from Hollywood and was made by one Ben Bernie.

He was indoctrinating the youth of the country on the fictitious merits of alcohol and used as his vehicle a paraphrase of Lincoln's Gettysburg Address. There is no spoken word in the English tongue more beautiful in thought and expression than this same brief but matchless oration. I have seen it stated that it is the first classic of the English tongue. This musical mountebank paraphrased the Gettysburg Address into an appeal to the country to drink a certain brand of beer. He mutilated the address to this end and subjected it to his misplaced and vulgar comedy.

I realize that you have no power of censorship over these stations, but you do have the right to refuse to issue a license. Can not this power be exercised in some way so that this shameless performance will not be repeated?

With regards, I am very sincerely yours,

FRANCIS D. CULKIN,  
Member Congress, Thirty-second District, New York.

FEDERAL COMMUNICATIONS COMMISSION,  
June 12, 1935.

HON. FRANCIS D. CULKIN,  
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN CULKIN: The receipt is acknowledged of your letter of June 6, 1935, making reference to a broadcast over a Hollywood station by Ben Bernie.

With regard thereto, you are advised that although the Commission may not take any action directly or indirectly to censor programs broadcast by radio stations, the Commission has the power to take into consideration the past activities of stations when acting upon their applications for renewal of license.

This matter is being given appropriate attention by the law department of the Commission. In order to aid it in this work,

the Commission will appreciate your advice as to the station or stations which, to your knowledge, have carried the program in question.

Sincerely yours,

ANNING S. PRALL, Chairman.

I am confident that under the administration of Chairman Prall every effort will be made to make the radio a constructive, educational force which will preserve and protect our best traditions. A continuation of the present type of advertising will lead the Nation into economic and moral confusion.

#### THE PRICE WE PAY

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a very short editorial by a young man whom I have known since early childhood. This editorial was printed in a Texas paper, and the editor's name is Dale Miller.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KLEBERG. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following short editorial by Dale Miller in the Texas Weekly:

#### THE PRICE WE PAY

By Dale Miller in Texas Weekly

The elaborate bureau set up in Washington to undertake the expenditure of the work-relief fund recently made available by Congress is all set now to "divvy up" the \$4,800,000,000 among the States. Each State receives an allotment determined by its proportionate number on relief. The total number on relief in the United States is 4,584,657 families, which means that, in the sixth year of the depression, about 1 out of every 6 persons in the United States is dependent on his Government for subsistence.

Big figures such as these are probably so familiar to everybody these days that they evoke only yawns whenever they are phalanx together to describe another adventure in Government, and perhaps one should not have the temerity at this late hour to view them with alarm. The idea is, of course, that the expenditure of this huge sum will prime the pump, and the wheels of prosperity will begin to turn. So the prevailing mood is one of complacency.

But somehow we cannot forget that this same complacency awaited the 15-cent cotton that the passage of the Bankhead Law was to have made possible before August of last year, nor can we forget that this same complacency awaited the employment of 6,000,000 persons which was to have been made possible by Labor Day through the enactment of the N. R. A. 2 years ago. One after another the bubbles burst, and one after another we blow them brighter still.

This is not to deplore the passage of the work-relief bill. It is to deplore only the persistent shortsightedness of those in authority, which makes inevitable the perpetuation of conditions so grievous that expedients like the work-relief bill must be continually resorted to. Why must the roots of the depression—the stagnation of world commerce—remain persistently ignored?

Look at the South: In the 10 cotton States \$868,300,000 will be spent to provide subsistence for 946,800 families on relief. In Texas \$203,700,000 will be spent to take care of 240,860 families. Can it be presumed for a moment that priming the pump will give these unfortunate people permanent jobs in a domestic economic system when they never held such jobs even in the Nation's most prosperous years? The jobs held in the cotton fields have for decades been supplied more by the world outside the United States than by the United States itself.

It is a terrific price we are paying for the truth about simple things.

#### VETO

Mr. FENERTY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech delivered by myself.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FENERTY. Mr. Speaker, under leave to extend my remarks, I include the following poem, composed by me, as part of an address I delivered at the annual dinner of the Clair Post of the American Legion at the Broadwood Hotel in Philadelphia on Memorial Day:

#### VETO

O, 'twas torture and pain from Marne to Alsne,  
And cold in a dugout deep;  
And the persiflage of a foe's barrage  
Playfully courting sleep;  
When the sad-eyed dawn said night was gone,  
Then we looked for our—something canned,  
There was never a chef in the A. E. F.,  
Over on No Man's Land.



And when the machine guns went rat-a-tat-tat,  
Nobody tried to put a veto on that!

We couldn't complain of the freezing rain  
When we lived and squirmed in mud,  
'Tis only a breath from life to death,  
When soixante-quinzes thud;  
Not a drop half clean in the caked canteen,  
With the devil in chief command,  
As we slept with a scowl near a rodent foul,  
Over on No Man's Land.

And still the guns went rat-a-tat-tat,  
Nobody thought to put a veto on that!

It was insect bite and hellish fight,  
Smothered in chlorine drear,  
Then over the top and a sudden stop,  
And your throat felt somewhat queer,  
Then a stretcher, too, with a dead pollu,  
And a space where he used to stand,  
Yes, and stifled cries and tear-dimmed eyes,  
Over on No Man's Land.

Then once again went the rat-a-tat-tat,  
Nobody ever put a veto on that!

It was over and back with a heavy pack,  
And a sniff of mustard gas,  
With bayonet, spade, and hand grenade  
"Dig in!—they must not pass!"  
So we fought and fought, great God! we fought  
As long as our legs could stand,  
Till the crimson flood of our comrades' blood  
Was the price of No Man's Land.

Ten and seven years later no fireside chat  
Can make us forget there's no veto on that!

#### NATURALIZATION OF ALIEN VETERANS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2739) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 1, line 8, strike out "1936" and insert "1937."

Mr. SNELL. Mr. Speaker, I reserve the right to object to ask a question or two of the gentleman from New York.

Some of the gentlemen who are opposed to this resolution are not here at the present time, and I am sorry the gentleman has brought the matter up. I should like to know just how far this bill goes in letting in other people.

Mr. DICKSTEIN. This bill will not let anybody in from abroad; this simply provides a short form of naturalization for men who served in the World War and who were in this country at that time and are here now. It does not affect any Chinese or Japanese. They are all white people, and the bill simply extends the law that expired in 1932 in order to give these veterans of the World War the right to become naturalized, without any redtape, until May 25, 1937.

Mr. SNELL. Why should a man who served under a foreign flag have any special right to become an American citizen?

Mr. DICKSTEIN. Because at the time war was declared there were a number of aliens legally in the United States, like a number of Polish young men and men from other countries, who joined to fight with the Allies in the common cause for which America fought. In other words, when we did not take these men they joined with their own folks, with whom we were allies.

Mr. SNELL. How many men are affected?

Mr. DICKSTEIN. Less than 1,000.

Mr. KENNEY. I may say to the gentleman there are some substantial citizens who have come to this country since the war who lived here before the war. They volunteered to serve with their own armies at the outbreak of the war. They have come back here and now these men, especially the Polish veterans—and there is no higher type of man in this country—have recently formed an organization of their own in which these men are grouped together, and they want to take advantage of this provision. It was

not known to some of them that they could have availed themselves of the law as it stood.

Mr. SNELL. Why should they not come in under the regular law?

Mr. DICKSTEIN. They are legally in the country in the regular way.

Mr. SNELL. Why do they not become naturalized in the usual way?

Mr. DICKSTEIN. Because they would have to wait after they file their declarations of intention for 2 years and pay a fee of \$12 or \$14.

Mr. CARTER. Mr. Speaker, reserving the right to object, are minority members of the committee present and did they know that this matter was going to be brought up today?

Mr. DICKSTEIN. The committee has reported this out favorably.

Mr. CARTER. Where are the minority members of the committee?

Mr. DICKSTEIN. I simply want the gentleman to take my word for the fact that the committee unanimously reported out the bill. The American Legion appeared before the committee and unanimously favored it, and the Veterans of Foreign Wars also favored it. Every group and organization of this kind has favored the legislation. It was passed in the House unanimously the last time it was up, and it passed the Senate unanimously. It only affects about 1,000 veterans who served in the war and who are legally in this country.

Mr. CARTER. The gentleman has stated the committee acted on the original bill. Has the committee acted on the amendment?

Mr. DICKSTEIN. The committee has agreed to the amendment which only extends the date from 1936 to 1937. Originally, the committee fixed the date at 1937 and then we eliminated that and now the Senate has put it back. This will clear up all the veterans of the World War.

Mr. CARTER. Who is the ranking minority member of the gentleman's committee?

Mr. DICKSTEIN. The gentleman from Tennessee [Mr. TAYLOR].

Mr. MOTT. Mr. Speaker, reserving the right to object, I should like to ask the gentleman why these people who now want to become citizens and who were in the Army should have any different privilege in that regard than aliens who served in the Army and who were denied citizenship 10 or 15 years ago and who had to wait the regular period of time and go through the regular formalities required of all aliens.

Mr. DICKSTEIN. I am afraid the gentleman has not read the bill.

Mr. MOTT. Yes; I have read it.

Mr. DICKSTEIN. The bill refers to people who are in this country legally and has nothing whatever to do with immigration.

In 1917, for instance, there were a number of Poles who volunteered for service in the American Army. The American Army refused to take them at the time of the first draft and then they joined their foreign service and went over on the other side to fight with our Allies and now they have been back here legally for years. This bill has nothing to do with immigration.

Mr. MOTT. I understand that, but I may say to the gentleman that for the last 10 years aliens who served in the American Army have been denied the right to become citizens in this way. They have had to go through the same procedure that anybody else followed, and why, after 15 or 16 years, should these few be given a special privilege?

Mr. DICKSTEIN. This applies to all of them.

This bill benefits aliens who served in the American Army, Navy, and other American armed forces, and also benefits aliens who served in the armed forces of countries with whom the United States was an ally in the World War, for a common cause.

Aliens who served in the armed forces under the American flag have been given the benefit of a short form of naturali-



zation without fees ever since they were in the service up to May 25, 1934, on which date the act of May 25, 1932, expired.

Previously, our own veterans have been granted a short form under the acts of May 9, 1918, of July 19, 1919, of May 26, 1926, of March 4, 1929, of March 3, 1931, and May 25, 1932. All of these previous acts gave benefits to alien veterans who were in the United States and they were not immigration measures, just as this present bill is not an immigration measure.

Under the provisions of this bill as amended by the Senate the benefits would accrue only in cases where the formal petition for certificate of citizenship is filed with the court prior to May 25, 1937, and for that period amends and extends the pertinent section of the act approved May 25, 1932.

Mr. O'MALLEY. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### REVISED EDITION, HINDS' PRECEDENTS

Mr. LAMBETH. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 8297) to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives, which I send to the desk and ask to have read.

The Clerk read as follows:

*Be it enacted, etc.,* That so much of the First Deficiency Appropriation Act, fiscal year 1921 (41 Stat. 1181), approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives, is hereby amended to read as follows:

"That Hinds' Parliamentary Precedents of the House of Representatives of the United States shall be compiled, prepared, corrected, and revised up to and including the Seventy-third Congress, by Clarence Cannon, who shall also prepare a complete index digest of the work and supervise the printing thereof; and there shall be printed and bound 2,500 sets thereof, which shall be delivered to the Superintendent of Documents for distribution as follows:

"To the offices of the Vice President and the Speaker of the House of Representatives, each, five sets;

"To the Washington office of each Senator, Representative, Delegate, and Resident Commissioner in the Seventy-fourth Congress, who makes written application therefor, one set;

"To the compiler of the revised precedents, 100 sets;

"To the Parliamentarian of the House of Representatives, 10 sets;

"To the Parliamentarian of the Senate, five sets;

"To the Secretary and Sergeant at Arms of the Senate, and the Clerk, Sergeant at Arms, and Doorkeeper of the House of Representatives, each, one set;

"To the offices of the superintendents of the Senate and House document rooms, each, one set;

"To the Library of Congress for international exchange and for official use in Washington, D. C., not to exceed 150 sets;

"To the National Archives, two sets;

"To each existing, or hereafter established, depository library that makes written application therefor, one set;

"To the library of each executive department, independent office, and establishment of the Government now in Washington, D. C., or which may be hereafter created, and who make written application therefor, except those designated as depository libraries, and to the libraries of the municipal government of the District of Columbia, the Naval Observatory, and the Smithsonian Institution, each, one set; and

"To the library of each branch of the legislature of every State, Territory, and insular possession of the United States, one set.

"Sec. 2. There shall also be distributed for official use, and upon delivery shall become and remain the property of the United States Government and may not be removed from the offices hereinafter designated, not to exceed 125 sets, which shall have legibly stamped on the front cover and back of each volume the name of the office to which each set is furnished, as follows:

"To the office of each standing committee of the Senate and House of Representatives now in existence, or which may be hereafter created, one set;

"To the library of the Executive Office, two sets;

"To the offices of the Legislative Counsel of the Senate and House of Representatives, respectively, each, one set;

"To the library of the Senate, five sets;

"To the library of the House of Representatives, 25 sets;

"To the library of the Supreme Court of the United States, 2 sets; and

"To the offices of the Official Reporters of Debates of the Senate and House of Representatives, respectively, each, one set.

"Sec. 3. The remaining sets shall be distributed by the Superintendent of Documents, as may be authorized and directed by the Joint Committee on Printing; and, after the Seventy-fourth Congress and during each succeeding Congress until the residue is exhausted, the Superintendent of Documents shall furnish, only upon written application therefor, one set to each Senator, Representative, Delegate, and Resident Commissioner who previously had not received a set of this revised publication. The 'usual number' shall not be printed.

"Sec. 4. That the sum of not exceeding \$20,000 is hereby authorized to be appropriated to provide reimbursement for expenses incurred in connection with the revision of the precedents."

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, as I understand it, this is the bill which takes care of the printing and also supplies part compensation at least to the gentleman who did the work, the gentleman from Missouri [Mr. CANNON].

Mr. LAMBETH. It provides reimbursement for expenses in connection with this work which has been going on since 1921.

Mr. SNELL. Mr. Speaker, I have been fairly familiar with that work from the very beginning. I think Mr. CANNON has done a wonderful work, and I doubt seriously that it will ever be rewritten. Of course, Mr. CANNON took on a larger contract than he expected when he originally agreed to do the work, but he has worked faithfully for a great many years. I know no man better qualified to do the work than Mr. CANNON, and I think it is no more than right that he should be compensated at least for the extra expense that he has been put to in preparing this very valuable work.

Mr. LAMBETH. I agree with the gentleman. It is a monumental piece of work.

Mr. O'CONNOR. As the introducer of the bill, we considered thoroughly the invaluable work Mr. CANNON has done. It is probably greater than the original. I think the whole House will appreciate it when they get the new volume, one edition of which goes to each Member as I understand it.

Mr. LAMBETH. That is correct, on request.

Mr. KENNEY. When will we get that?

Mr. LAMBETH. It will be ready for distribution at the opening of the next session of Congress. It is now in the hands of the Printer.

Mr. SNELL. I am glad the Printing Committee brought this matter in, and I hope it will be disposed of at once.

Mr. LAMBETH. It was necessary to amend the original act, because the act of 1921 required that it be distributed to the Members of the Sixty-sixth Congress, and of course it is impossible to comply with that.

Mr. RANKIN. As I understand it, several volumes will be preserved for future Members who come into the Congress in future years.

Mr. LAMBETH. Nine hundred extra sets will be reserved beyond immediate distribution, which at the present rate of turn-over is expected to last for about 15 more Congresses.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

#### FARM-TO-MARKET ROADS

Mr. LORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech I made on the subject of From the Farm to Market Roads.

The SPEAKER. Is there objection?

There was no objection.

Mr. LORD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by me at Gilbert Lake, N. Y., June 8, 1935, before the rural mail carriers:

Ladies and gentlemen, I know that you are all interested, and especially you who are mail carriers, in the improvement of back roads where you have to carry mail. For many years we have had appropriations for our highways and our main thoroughfares are about all completed.



When the first bond issues were brought out in the State of New York to build and improve highways it was for the purpose of constructing a road that the farmer could get his products to market at all seasons of the year. After the bond issue was voted the legislature passed legislation for expedited routes running throughout the length and breadth of the State and farm to market roads were forgotten.

Our main thoroughfares were constructed and worn out and have been reconstructed, some of them two or three times, and they are still reconstructing main thoroughfares but the farmers' back roads are still forgotten.

At this session of Congress the Committee on Roads, of which I am a member, introduced a bill providing for an appropriation of \$300,000,000 for grade-crossing elimination, \$400,000,000 for main and lateral highways, and \$300,000,000 for the rural mail carriers roads. Opposition grew up to this amount of money for the farmers' roads, especially from the State departments of public works, and they succeeded in getting this amount cut out of the bill and maintaining \$800,000,000 in it, five hundred million for first-class and secondary roads and three hundred million for grade-crossing elimination.

Many of the States are constructing so-called "farm-to-market" roads but they are only an expensive type of gravel road and a few miles in each county so that when we got through we had made very little advancement.

With this in view and the large public-works fund of nearly a billion dollars that is now available, I proposed to appropriate \$600,000,000 for constructing rural delivery and farmers' back roads. This is not entirely a road-building program but is a program to relieve the unemployed, and in relieving the unemployed I plan to do some constructive work by getting the farmers out of the mud and giving the people living in rural communities an opportunity to work and earn a living, create better living conditions, and increase the value of the farms.

If we employ an average of 50 men in every town and give them employment for 4 months building roads it will go a long way toward taking care of the unemployed under the President's plan of \$50 a month. The plan is to give to every county an average of \$200,000 as their needs may appear to take care of the unemployed and construct good stone and gravel roads. These roads can be constructed in this section at a cost of \$1,000 to \$3,000 a mile, according to the distance the material has to be drawn, and build a road that will keep the farmer out of the mud for all time, increasing the value of the farms and give work for the men who need the jobs.

We have a little over 3,000 counties in the United States, and with \$200,000 to a county it would take about \$600,000,000 to do this job. This would employ somewhere in the neighborhood of 3,000,000 men for 4 months or longer. The work could be started in a very short time after the money became available for most all towns and counties have the machinery to work with.

I called a meeting in my office of the following: Edward O'Neill, president American Farm Bureau Federation; Chester Gray, Washington representative American Farm Bureau Federation; Lewis Tabor, master National Grange; Fred Brinckman, Washington representative National Grange; Charles Upham, of the American Road Builders' Association; W. G. Armstrong, national president National Rural Letter Carriers' Association; and E. H. Everson, president Farmers' Union. These men are all very much interested and working for the appropriation.

Various other State organizations are endeavoring to get all of their Senators and Representatives back of the committee. There is a committee of 50 in the House of Representatives organized to help bring this about. I have been personally to see Secretary Wallace, Secretary Ickes, Harry L. Hopkins, Federal Emergency Relief Administrator; and I have been to see President Roosevelt. The President and Mr. Hopkins are very responsive, and they have told me they will render assistance to this appropriation.

Now, what we have to do is to get all these organizations and individuals together, working as one man, and your organization can help by writing these men, urging them to cooperate in bringing this about.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. ECKERT, for Wednesday, June 19, 1935, on account of business.

#### HOOR OF MEETING TOMORROW

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection?

There was no objection.

#### SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and under the rule referred as follows:

S. 1788. An act authorizing the State of Michigan to construct, maintain, and operate a toll bridge across the St. Clair River at or near Port Huron, Mich., and to acquire other transportation facilities between said State and Canada; to the Committee on Interstate and Foreign Commerce.

#### SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

- S. 1121. An act for the relief of Isidor Greenspan; and
- S. 1863. An act for the relief of Trifune Korac.

#### ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 55 minutes p. m.) the House, under its order previously made, adjourned until tomorrow, Wednesday, June 19, 1935, at 11 o'clock a. m.

#### COMMITTEE HEARINGS

##### COMMITTEE ON THE POST OFFICE AND POST ROADS

(Wednesday, June 19, 10:30 a. m.)

Subcommittee will hold hearings on bill H. R. 6278, relative to postal rates, first class.

##### COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Thursday, June 20, 10 a. m.)

A joint hearing will be held of the Senate and House Immigration and Naturalization Committees in room 445, Old House Office Building, before which joint meeting Col. Daniel W. MacCormack will appear and make a statement on immigration and naturalization statistics.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROBINSON of Utah: Committee on the Public Lands. S. 2074. An act to create a National Park Trust Fund Board, and for other purposes; without amendment (Rept. No. 1254). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. S. 2073. An act to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes; without amendment (Rept. No. 1255). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 8229. A bill to amend the act approved June 12, 1934, relating to the granting of the consent of Congress to certain bridge construction across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala.; without amendment (Rept. No. 1256). Referred to the House Calendar.

Mr. DREWRY: Committee on Naval Affairs. S. 2774. An act for the relief of certain officers on the retired list of the Navy and Marine Corps, who have been commended for their performance of duty in actual combat with the enemy during the World War; without amendment (Rept. No. 1257). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 8368. A bill to enforce the twenty-first amendment; with amendment (Rept. No. 1258). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 263. Resolution for the consideration of S. 1958; without amendment (Rept. No. 1259). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 264. Resolution for the consideration of Senate Joint Resolution 131; without amendment (Rept. 1260). Referred to the House Calendar.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGHTON: A bill (H. R. 8539) to further protect the revenue derived from distilled spirits, wine, and



malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes; to the Committee on Ways and Means.

By Mr. KENNEY: A bill (H. R. 8540) to create a Federal Lottery Commission, and for other purposes; to the Committee on Ways and Means.

By Mr. CANNON of Missouri: A bill (H. R. 8541) for payment of compensation to persons serving as postmaster at third- and fourth-class post offices; to the Committee on the Post Office and Post Roads.

By Mr. VINSON of Georgia: A bill (H. R. 8542) authorizing the Secretary of the Navy to accept gifts and bequests for the benefit of the Office of Naval Records and Library, Navy Department; to the Committee on Naval Affairs.

By Mr. McSWAIN (by request): A bill (H. R. 8543) to acquire certain land in Florida for the War Department; to the Committee on Military Affairs.

By Mr. FERGUSON: A bill (H. R. 8544) authorizing an appropriation to enable the Secretary of Agriculture to cooperate with the experiment station of the Panhandle Agricultural and Mechanical College, located at Goodwell, Okla.; to the Committee on Agriculture.

By Mr. McSWAIN: Joint resolution (H. J. Res. 330) to close Military Road temporarily; to the Committee on Military Affairs.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing Congress to make amends to those disabled war veterans who have been deprived of their just and lawful compensations; to the Committee on World War Veterans' Legislation.

Also, memorial of the Legislature of the State of California, supporting House bill 6628; to the Committee on Labor.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DORSEY: A bill (H. R. 8545) for the relief of Salvatore Roberto; to the Committee on Military Affairs.

By Mr. FERGUSON: A bill (H. R. 8546) for the relief of Herbert C. Robbins; to the Committee on Naval Affairs.

By Mr. KRAMER: A bill (H. R. 8547) for the relief of Earl Vinnage Adler; to the Committee on Naval Affairs.

By Mr. McGROARTY: A bill (H. R. 8548) to permit Willis Adams to make a homestead entry on certain public land in Oregon; to the Committee on the Public Lands.

Also, a bill (H. R. 8549) to authorize the Secretary of the Interior to issue a patent for certain land to Willis Adams; to the Committee on the Public Lands.

By Mr. McSWAIN: A bill (H. R. 8550) for the relief of N. May Jernegan and Warren Norris Jernegan; to the Committee on Military Affairs.

By Mr. REECE: A bill (H. R. 8551) for the relief of J. C. Donnelly; to the Committee on Claims.

By Mr. SMITH of Virginia: A bill (H. R. 8552) to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Leo Solet; to the Committee on the District of Columbia.

By Mr. STUBBS: A bill (H. R. 8553) for the relief of Ernest W. Bailey; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8885. By Mr. BOYLAN: Resolutions adopted by the Maritime Association of the Port of New York, opposing the proposed legislation to transfer the supervision of river and harbor work from the Corps of Engineers of the United States Army to another Government department; to the Committee on Rivers and Harbors.

8886. Also, letter from Mailer's Union No. 6, of Greater New York, favoring the Wagner labor-disputes bill; to the Committee on Labor.

8887. Also, resolution adopted by the Women Investors in America, Inc., New York City, N. Y., opposing the Wheeler-Rayburn public-utility bill; to the Committee on Interstate and Foreign Commerce.

8888. Also, letter from the New York Progressive Club, composed of members of Local No. 6 of the International Typographical Union, unanimously favoring the passage of the Wagner labor-disputes bill; to the Committee on Labor.

8889. By Mr. COLDEN: Assembly Joint Resolution No. 59, adopted by the Assembly and Senate of the Legislature of the State of California, and submitted by the Honorable Frank F. Merriam, Governor of California, relative to memorializing the President and the Congress of the United States to enact House bill 6628, which proposes to provide remunerative employment for the blind citizens of the United States and its possessions, and urging the Committee on Labor of the House of Representatives to expedite consideration favorable to said bill; to the Committee on Labor.

8890. By Mr. KENNEY: Resolution of the New Jersey Industrial Traffic League of Orange, N. J., protesting against the acceptance by the Post Office Department of the assertion of superiority for the Floyd Bennett Field over the Newark Airport as the most strategic terminus for air lines serving the metropolitan district; to the Committee on the Post Office and Post Roads.

8891. By Mr. KRAMER: Resolution of the Walnut Growers Institute of Southern California, heartily endorsing the proposed amendments to the Agricultural Adjustment Act; to the Committee on Agriculture.

8892. By Mr. PLUMLEY: Petition of Ludwig Lewisohn and others of Burlington, Vt., urging passage of House bill 8163, to authorize the deportation of criminals, to guard against the separation from their families of aliens of the noncriminal classes, to provide for legalizing the residence in the United States to certain classes of aliens, and for other purposes; to the Committee on Immigration and Naturalization.

8893. Also, petition of Max Wax, S. W. Alpert, Max Ahrens, and some 30 other members of Joseph Frank Lodge, No. 1109, B'nai B'rith, Burlington, Vt., and other residents of that city, urging passage of House bill 8163, to authorize the deportation of criminals, to guard against the separation from their families of aliens of the noncriminal classes, to provide for legalizing the residence in the United States to certain classes of aliens, and for other purposes; to the Committee on Immigration and Naturalization.

8894. By Mr. RUDD: Petition of the American Federation of Labor, Washington, D. C., concerning the Wagner labor-disputes bill; to the Committee on Labor.

8895. By Mr. TRUAX: Petition of the Northwestern Cooperative Sales Association and National Condensery Producers Committee, Toledo, Ohio, by their manager and secretary, respectively, E. D. Waid, urging support of House bill 6361 as being important to condensery producers; to the Committee on Agriculture.

8896. Also, petition of Joseph Snyder and numerous other citizens of Mansfield, Ohio, urging support of Wagner labor-disputes bill and Black 30-hour-week bill; to the Committee on Labor.

8897. Also, petition of Elyria Central Labor Union, by their secretary, Alva Kemp, Elyria, Ohio, urging support of the Wagner labor-disputes bill, Black 30-hour-week bill, and the Guffey coal bill; to the Committee on Labor.

8898. Also, petition of Sheffield Lodge, No. 13, Amalgamated Association of Iron, Steel, and Tin Workers, Kansas City, Mo., urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8899. Also, petition of Sheet Metal Workers' International Association, Local No. 231, by their recording secretary, Wesley H. Levien, Marion, Ohio, urging support of the extension of the Emergency Railway Transportation Act; to the Committee on Interstate and Foreign Commerce.



8900. By Mr. PFEIFER: Telegram of the First Poltaver Brotherly Aid Society, Brooklyn, N. Y., endorsing House bill 8163; to the Committee on Immigration and Naturalization.

8901. By the SPEAKER: Petition of the Civic Leaders Club of Los Angeles, Calif.; to the Committee on Interstate and Foreign Commerce.

8902. Also, petition of the Western Traffic Conference; to the Committee on Interstate and Foreign Commerce.

8903. Also, petition of the Mayor's Committee on Conference of Seaport Cities; to the Committee on Ways and Means.

## SENATE

WEDNESDAY, JUNE 19, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

### THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, June 18, 1935, was dispensed with, and the Journal was approved.

### JEAN JULES JUSSERAND—EXPRESSION OF APPRECIATION FROM GOVERNMENT OF FRANCE

Mr. ROBINSON. Mr. President, I understand that the Senator from Kentucky [Mr. BARKLEY] has a matter which he wishes to lay before the Senate.

Mr. BARKLEY. Mr. President, a few days ago a joint resolution was passed authorizing the erection in Washington of a statue to the former French Ambassador to the United States, Mr. Jean Jules Jusserand. Through the Secretary of State there has come a communication from the French Ambassador thanking Congress for that action. I ask that it may be read.

The VICE PRESIDENT. The communication will be read. The legislative clerk read as follows:

JUNE 13, 1935.

The Honorable JOHN N. GARNER,  
Vice President of the United States.

MY DEAR MR. VICE PRESIDENT: I take pleasure in transmitting to you herewith copy of a note (in translation) which the French Ambassador left with the Under Secretary of State this morning expressing appreciation, on behalf of the French Government and the people, for the vote of the Congress authorizing the erection at Washington of a monument in memory of Mr. Jusserand, former Ambassador of France.

Sincerely yours,

CORDELL HULL.

(Enclosure: Copy of note.)

[Translation]

JUNE 12, 1935.

Mr. SECRETARY: It was with particular satisfaction that my Government learned that the House of Representatives of the United States had unanimously adopted, on May 6 last, a resolution authorizing the erection in Washington of a monument in memory of Mr. Jusserand, late Ambassador of France in the United States, and that this resolution had been approved the day before yesterday, June 10, by the Senate.

In conformity with instructions which I have just received from the President of the Council, who is also Minister of Foreign Affairs, I have the honor to express to Your Excellency, the gratitude of the Government of the Republic for a recognition which is indeed warmly appreciated by him as well as by the French people.

I should be grateful to Your Excellency to be good enough to transmit to the Senate and to the House of Representatives an expression of the gratitude of the Republic for a vote which gives proof of the feeling of high esteem and sympathy which the American people still retains toward my eminent predecessor.

Accept, Mr. Secretary, the renewed assurances of my highest consideration.

ANDRE DE LABOULAYE.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. HAITGAN, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1180) to amend section 4865 of the Revised Statutes, as amended.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 59) to create a national memorial military

park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 2739) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 7374. An act to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes;

H. R. 8297. An act to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives; and

H. R. 8492. An act to amend the Agricultural Adjustment Act, and for other purposes.

### ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1121. An act for the relief of Isidor Greenspan;

S. 1863. An act for the relief of Trifune Korac;

H. R. 59. An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes; and

H. R. 2739. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes.

### CALL OF THE ROLL

Mr. LEWIS. I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Radcliffe
Ashurst	Coolidge	La Follette	Reynolds
Austin	Copeland	Lewis	Robinson
Bachman	Costigan	Logan	Russell
Bailey	Dickinson	Loneragan	Schall
Bankhead	Dieterich	Long	Schwellenbach
Barbour	Donahey	McGill	Sheppard
Barkley	Duffy	McKellar	Shipstead
Bilbo	Fletcher	McNary	Smith
Black	Frazier	Maloney	Steiwer
Bone	George	Metcalf	Thomas, Okla.
Borah	Gerry	Minton	Townsend
Brown	Gibson	Moore	Trammell
Bulkeley	Gore	Murphy	Truman
Bulow	Guffey	Murray	Tydings
Burke	Hale	Neely	Vandenberg
Byrd	Harrison	Norris	Van Nuys
Byrnes	Hastings	Nye	Wagner
Capper	Hatch	O'Mahoney	Walsh
Caraway	Hayden	Overton	Wheeler
Chavez	Johnson	Pittman	White
Clark	Keyes	Pope	

Mr. LEWIS. I desire to announce that the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. McABOOL], and the Senator from Nevada [Mr. McCARRAN] are unavoidably detained from the Senate, and that the Senator from Utah [Mr. THOMAS] is absent on important public business.

Mr. AUSTIN. I announce that the Senator from Wyoming [Mr. CAREY] is necessarily absent from the Senate.

Mr. VANDENBERG. I announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent from the Senate because of illness. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

### ELECTRIC RATE SURVEY IN NEW HAMPSHIRE, NEW MEXICO, OREGON, AND UTAH

The VICE PRESIDENT laid before the Senate four letters from the Chairman of the Federal Power Commission, trans-